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

DG 21-132
Winter 2021/2022 Cost of Gas

Energy Technical Session Data Requests - Set 1

Date Request Received: 10/11/21 Date of Response: 10/20/21
Request No. Energy TS 1-1 Respondent: Catherine McNamara

REQUEST:

Reference: DG 21-132 Petition Testimony (dated 9/15/21) Bates 012

Please explain why the Non-FPO COG rate is an 82.8% increase from the winter 2021/22 rate, while the FPO COG rate is a 54% increase from the winter 2021/2022 rate, even though the Non-FPO and FPO rates are essentially two cents apart. (Is this related to the higher FPO interim rate approved for November 2020 as the initial FPO rate as compared to the lower December 2020 FPO rate?)

Please also provide the same analysis using a Non-FPO rate for Winter 2020/21 of $1.0253 and an FPO rate of $1.0453. For the purposes of this TS-DR, please update the narrative on Bates 012 to align with that analysis.

Please provide a copy of the FPO Letter that Liberty-Keene mailed to customers on or about October 1, 2021; how long is the FPO enrollment period?

By way of comparison, please provide a copy of the FPO Letter that Liberty mailed to customers in DG 20-130 on or about October 1, 2021; how long is that enrollment period?

Please identify any cost of gas dockets in which the Public Utilities Commission approved an increase in the FPO rate above the FPO rate identified to customers in a prior Company mailing. If a docket is identified, please also provide a copy of the FPO letter at issue, if possible.

In its revised filing, to be made on or before October 18, 2021, does Liberty-Keene plan on asking the PUC to allow it to increase the FPO rate requested in the September 15, 2021 filing? See also letter to customers mailed on or about October 1, 2021?

RESPONSE:

a. The FPO rate approved for November 1, 2020, in Interim Order No. 26,421 in Docket No. DG 20-152 was $1.2300 per therm. The FPO rate approved for December 1, 2020, in Order No. 26,428 also in Docket No. DG 20-152 was $1.0453 per therm adjusted downward to $1.0277 per therm to account for the higher interim FPO rate charged in November 2020.

The rates used in the cited testimony were the proposed FPO rate of $1.8941 per therm compared to the interim rate approved for November 1, 2020, of $1.2300 per therm. This is a rate change of $0.6441 or 54%. Yes, the use of the interim FPO rate of $1.2300 is what skewed this calculation.

b. Using the rates provided in the question, the portion of testimony found on Bates 012, lines 10–14 would read as follows:

> The proposed Non-FPO COG rate of $1.8741 per therm is an increase of $0.8488 or 82.8% from the winter 2021/2022 beginning rate of $1.0253 per therm. The proposed FPO rate is $1.8941 per therm, representing an increase of $0.8848 per therm or 81.2% from last winter's fixed rate of $1.0453 that was approved effective December 1, 2021.

c. See Attachment Energy TS 1-1.c for a copy of the Keene FPO letter sent on October 1, 2021. As stated in the letter, the enrollment period is through October 27, 2021.

d. See Attachment Energy TS 1-1.d for a copy of the EnergyNorth Natural Gas letter mailed to customers on October 1, 2021. As stated in the letter, the enrollment period is through October 22, 2021.

e. There has not been a case when an FPO rate was increased after the FPO letters have been issued, even if the Non-FPO rate the Company is requesting has been increased and approved.

f. The Company did not increase the requested FPO rate from the Original filing. The requested rate for Keene remains at $1.8941 for Non-Gas Assistance Program customers and at $1.0408 for Gas Assistance Program customers.

Liberty

[DATE]

[Name]
[Mailing_Address]
[City], [State] [Zip_Code]

Fixed Price Option (FPO)
Service Address:
[Full_Service_Address]
Account:
[Location_ID]-[CUSTNMBR]

Dear [Name]:

Each fall, Liberty offers you the opportunity to "lock in" the price per therm for the Gas Supply Charge portion of your bills, from November 1 through April 30. If you are enrolled in this program, you will pay one fixed price per therm for the Gas Supply Charge portion of your bill during this period, even if the price of gas changes during the heating season.

Applications for the program must be returned on or before October 27, 2021. Energy prices – including gas prices – remain volatile as in years past and Liberty expects many customers will consider the Fixed Price Option (FPO) program. If you have multiple accounts, please return one form for each service address and account number. This program is available to customers who are billed on Budget Billing as well as those who are billed on a regular billing schedule.

Does the FPO represent the entire amount on my monthly gas bill?
No. Your monthly gas bill has two main components: (1) a Gas Delivery Charge and (2) a Gas Supply Charge. The FPO is for the Gas Supply Charge. (The largest portion of your bill)

What is the "Fixed Price" for the 2021-2022 heating season?
The 2021-2022 FPO Gas Supply Charge that was submitted to the New Hampshire Public Utility Commission for approval is **$1.8941** per therm (**$1.0418** per therm for customers on Fuel Assistance). Approval of the rate is expected prior to November 1.

What will my Gas Supply Charge price be this winter if I don't enroll in the FPO?
As of today's date, we estimate that the Gas Supply Charge price for the winter will be approximately **$1.8741** per therm (**$1.0308** per therm for customers on Fuel Assistance). This non-guaranteed price may increase if the market price of gas increases during the winter or decrease if the market price of gas decreases. Price fluctuations are market-driven, and it is difficult for Liberty to predict what those market conditions or prices will be.

Are there any fees to sign up or minimum or maximum usage requirements?
No. There are no sign-up fees or minimum or maximum usage levels. However, the program is non-transferable, and customers must remain on the program through April 30, 2022. If you move to a new location, the FPO rate will apply at your new location through April 30, 2022.

How do I sign up?
Fill out the attached coupon and return it in the enclosed envelope on or before October 27, 2021. You will be notified whether or not you are enrolled in the FPO. Enrollment acceptance is based on a timely response.

Sincerely,
Liberty

Please cut on the dotted line and return this coupon in the envelope provided.

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[Name]
[Service_Address]
KEENE

YES, please sign me up to participate in the Fixed Price Option (FPO). This program locks in the Gas Supply Charge price listed above for the heating season beginning November 1, 2021 and ending April 30, 2022.

If you would like to receive confirmation that you have been successfully enrolled in the FPO, please provide us with your email address: ____

Signature:____Date:____________________

PO Box 1380, Londonderry, NH 03053-1380
www.libertyenergyandwater.com

[DATE]

[Name]
[Mailing_Address]
[City], [State] [Zip_Code]

Fixed Price Option (FPO)
Service Address:
[Full_Service_Address]
Account:
[Location_ID]-[CUSTNMBR]

Dear [Name]:

Each fall, Liberty offers you the opportunity to "lock in" the price per therm for the Gas Supply Charge portion of your bills, from November 1 through April 30. If you are enrolled in this program, you will pay one fixed price per therm for the Gas Supply Charge portion of your bill during this period, even if the price of natural gas changes during the heating season.

Applications for the program must be returned on or before October 22, 2021. Energy prices – including natural gas prices – remain volatile as in years past and Liberty expects many customers will consider the Fixed Price Option (FPO) program. If you have multiple accounts, please return one form for each service address and account number. This program is available to customers who are billed on Budget Billing as well as those who are billed on a regular billing schedule.

Does the FPO represent the entire amount on my monthly gas bill?
No. Your monthly natural gas bill has two main components: (1) a Gas Delivery Charge and (2) a Gas Supply Charge. The FPO is for the Gas Supply Charge. (The largest portion of your bill)

What is the "Fixed Price" for the 2021-2022 heating season?
The 2021-2022 FPO Gas Supply Charge that was submitted to the New Hampshire Public Utility Commission for approval is **$0.9256** per therm (**$0.5091** per therm for customers on Fuel Assistance). Approval of the rates is expected prior to November 1.

What will my Gas Supply Charge price be this winter if I don't enroll in the FPO?
As of today's date, we estimate that the Gas Supply Charge price for the winter will be approximately **$0.9056** per therm (**$0.4981** per therm for customers on Fuel Assistance). This non-guaranteed price may increase if the market price of natural gas increases during the winter or decrease if the market price of natural gas decreases. Price fluctuations are market-driven, and it is difficult for Liberty to predict what those market conditions or prices will be.

Are there any fees to sign up or minimum or maximum usage requirements?
No. There are no sign-up fees or minimum or maximum usage levels. However, the program is non-transferable, and customers must remain on the program through April 30, 2022. If you move to a new location, the FPO rate will apply at your new location through April 30, 2022.

How do I sign up?
Fill out the attached coupon and return it in the enclosed envelope on or before October 22, 2021. You will be notified whether or not you are enrolled in the FPO. Enrollment acceptance is based on a timely response.

Sincerely,
Liberty

Please cut on the dotted line and return this coupon in the envelope provided.

[Name]
[Service_Address]

YES, please sign me up to participate in the Fixed Price Option (FPO). This program locks in the Gas Supply Charge price listed above for the heating season beginning November 1, 2021 and ending April 30, 2022.

If you would like to receive confirmation that you have been successfully enrolled in the FPO, please provide us with your email address: ____

Signature: ____ Date: ____________________

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www.libertyenergyandwater.com

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

DG 21-132
Winter 2021/2022 Cost of Gas

Energy Technical Session Data Requests - Set 1

Date Request Received: 10/11/21 Date of Response: 10/20/21
Request No. Energy TS 1-2 Respondent: Catherine McNamara

REQUEST:

Reference: DG 21-132 Petition Testimony (dated 9/15/21) Bates 012

Why has Liberty described anticipated customer participation in FPO as "expected to remain well below the 50% threshold" ("first come first served") in a year when gas prices are anticipated to increase a significant amount?

Please explain, and provide an example, of how any Liberty-Keene under-collection stemming from a low FPO rate is recovered in subsequent seasons. Is an under-collection paid for by Non-FPO customers exclusively? By all customers (FPO and Non-FPO)? Something else? "Low FPO rate" means an FPO rate that is lower than the Non-FPO rate. (including trigger filings).

By way of comparison, how are Liberty EnergyNorth under-collections stemming from a low FPO rate recovered in subsequent seasons? Please be specific.

RESPONSE:

Liberty anticipates customer participation at a rate lower than 50% based on historical data. Since 2012, the highest number of customers that have elected the FPO rate for a season was 263, or 23% of the then total eligible customers. Therefore, even if participation doubled based on that highest participation year, it would only amount to 526 customers, or a 45% participation rate based on the current 1,168 eligible customers. As of Friday, October 15, 2021, only 108 customers had signed up for the FPO rate. Note customers still have until October 27, 2021, to elect the FPO option.

If, for example, the FPO rate is set at $1.02/therm and the Non-FPO rate increases above the FPO rate to $1.10/therm, then the $0.08/therm difference would cause an under-collection because the underlying costs would be higher than the rate being used to recover the costs from the FPO customers. This under-collection would then be taken into account in the next monthly trigger filing and potentially the next Winter season by Non-FPO and FPO customers. If there is an under-collection that is carried to the next Winter period, that under-collection is part of the total costs used to set the Non-FPO rate. As the FPO rate is simply a premium above the Non-FPO rate, all customers would contribute to recovery of the under-collection.

If the FPO rate is set at $1.02 and the Non-FPO rate is also $1.02, there would not be an over- or under-collection.

If the FPO rate is set at $1.02/therm, and the Non-FPO rate decreases further below the FPO rate to, say $0.9800/therm, the $0.04/therm difference would cause an over-collection. This is true because the underlying costs would be lower than the rate being used to recover the costs from the FPO customers. The over-collection would then be taken into account in the next monthly trigger filing and potentially the next Winter season by Non-FPO and FPO customers. If there is an over-collection that is carried to the next Winter period, that over-collection is part of the total costs used to set the Non-FPO rate. As the FPO rate is simply a premium above the Non-FPO rate, all customers would share in the credit to costs resulting from the over-collection.

Under-collections resulting from a low FPO rate are treated the same for EnergyNorth customers as described above.

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

DG 21-132
Winter 2021/2022 Cost of Gas

Energy Technical Session Data Requests - Set 1

Date Request Received: 10/11/21	Date of Response: 10/20/21
Request No. Energy TS 1-3	Respondent: Catherine McNamara

REQUEST:

Reference: DG 21-132 Petition Testimony (dated 9/15/21) Bates 05; Tariff page First Revised Page 97, Bates 19

The Department of Energy understand that, in the October 8, 2021, Tech Session, Liberty agreed to file a revised Petition on or before October 18, 2021 and to simultaneously file a short narrative regarding the location of those changes within the filing, an explanation of each change, and the result or impact of the change.

In testimony dated September 15, 2021 and filed September 17, 2021, Liberty requested a Non-FPO COG of $1.8741 per therm (blended CNG/propane) for the Keene Division.

Hypothetically, assume that the Public Utilities Commission approves that proposed COG rate effective November 1, 2021 and that Liberty-Keene, pursuant to the standard COG mechanism, has the authority to increase that rate as much as 25% during the Winter period.

a) What would Liberty-Keene's maximum price per therm be for the Winter 2021/22 period?
b) Further assume that propane prices have increased $ 0.0700 per therm as of November 18, 2021. If Liberty decides to exercise its option to increase the COG by $ 0.0700, what will the new Non-FPO COG be, per therm effective December 1, 2021?
c) What percentage increase will remain for future months, and what monetary value does that represent?

RESPONSE:

a) Based on the September 15, 2021, original Cost of Gas Filing for Winter 2021–2022, the maximum allowed Cost of Gas rate would be $2.342 per therm.
b) Based on a $0.07/therm increase from the Original filing, the Non-FPO rate would be $1.9441/therm and the maximum Cost of Gas rate would be $2.3426/therm for December 1, 2021.

c) There will be 85% of the maximum allowed 25% available for future increases, or $0.3985/therm.

For reference, based on the October 18, 2021, updated filing for the Winter 2021–2022 Cost of Gas, the requested Non-FPO rate is $1.9868 per therm. The maximum Cost of Gas rate based on the updated filing would be $2.4835 per therm.

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

DG 21-132
Winter 2021/2022 Cost of Gas

Energy Technical Session Data Requests - Set 1

Date Request Received: 10/11/21 | Date of Response: 10/20/21
Request No. Energy TS 1-4 | Respondent: David Simek

REQUEST:

Reference: DG 21-132 Testimony Bates 008-09
Please:

a) confirm that the reported "level of unaccounted for gas volumes" of 0.19% is a blended rate for both the propane and the CNG systems;

b) provide the current unaccounted-for gas volumes for the propane system for the twelve month period ending June 30, 2021;

c) provide the unaccounted-for gas volumes for the CNG system for the twelve month period ending June 30, 2021;

d) provide, describe, and explain the difference in unaccounted for gas volumes as reported in Liberty-Keene's Winter 2020-21 COG and in the present docket.

e) Why was the December 2020 unaccounted for gas volumne1.94%? Was that for propane or CNG? What change was made that resulted in the significantly lower rate reported here?

f) Please update Schedule 1 and provide a live Excel spreadsheet.

g) Please confirm that the formula Liberty used to calculate the level of unaccounted for gas volumes matches the formula/definition in HB 2 RSA 12-P 15, i.e. Total gas purchase, minus (quantity delivered to customers + gas used by Liberty-Keene).

RESPONSE:

a) Confirmed that the reported "level of unaccounted for gas volumes" of 0.19% is a blended rate for both the propane and the CNG systems.

b) Please see Attachment Energy TS 1-4.b.xlsx.

c) Please see Attachment Energy TS 1-4.c.xlsx.

d) The lost and unaccounted for gas ("LAUF") percentage for the twelve-month period ending June 30, 2020, was 0.56%. The LAUF percentage for the twelve-month period ending June 30, 2021, was 0.19%. The LAUF reduction is primarily due to meter replacements.

From about October 2019 until March 2020 we had a relatively large customer that we had to estimate usage due to the installed meter not working correctly. The ultrasonic meter was unable to work properly with our propane air mixture. The ultrasonic meter was replaced with a rotary meter which works fine regardless of the type of gas that passes through it.

During 2019 we changed out a total of 421 meters of which the majority did not have Encoded Receiver Transmitter ("ERT") technology at the time the meters were changed. Also, separately, we installed an additional 169 ERTs on meters already in the field. At the beginning of 2020, we had 155 ERTs remaining to be installed and we currently have approximately 25 remaining. ERT technology lowers the risk of human error and the use of estimates which makes the meter reads more accurate.

e) Although Energy Staff was unable to provide the source of the 1.94%, the Company understands that this question is seeking an explanation of the difference between the LAUF of 0.56% that the Company calculated in Docket No. DG 20-152 and the CNG LAUF of 2.24% and the propane LAUF of 2.51% that were included in the 2020 Department of Transportation ("DOT") Annual Reports. Although the timing of the calculations were the same, the basis used to calculate the LAUF was different. The DOT reports used billed sales in their calculations while Docket No. DG 20-152 used calendar month sales. Monthly billed sales include sales that were billed during the month. For example, if customer is on a billing cycle that goes from October 15 through November 14 then the November billed sales would only include 14 days of sales that were actually incurred in the month of November. Calendar month sales are more accurate to use in the LAUF calculation as they are reduced from calendar month purchases minus calendar month Company use.

f) Please see Attachment Energy TS 1-4.f.xlsx.

g) Confirmed that the formula Liberty used to calculate the level of unaccounted for gas volumes matches the formula/definition in HB 2 RSA 12-P 15.

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

DG 21-132
Winter 2021/2022 Cost of Gas

Energy Technical Session Data Requests - Set 1

Date Request Received: 10/11/21	Date of Response: 10/20/21
Request No. Energy TS 1-5	Respondent: David Simek

REQUEST:

Reference: DG 21-132 Petition (filed 9/15/21) Testimony Bates 014

What is the status of the Company's CNG/LNG expansion plans for this franchise area? Please include, but do not be limited to: Liberty-Keene's current plans with regard to finding a location for a permanent physical facility; Company expansion with regard to the high pressure main under Route 9; and status with regard to further expansion.

RESPONSE:

The Company has recently received a Proposed LNG/CNG Facility Preliminary Design Report from Sanborn Head. The Company has also completed site specific reports on potential facility locations and are in the process of assessing the feasibility of a new propane/air facility. Upon completion of the reviews for these various options the Company will construct a commodity pricing scenario analysis to identify the most competitive and viable solution. Preliminarily, it appears an LNG/CNG facility could be located on Production Avenue in Keene. If such a scenario was to prove physically and economically feasible, the new high pressure main under Route 9 would be utilized as a Keene system feed and not solely for the use of the current Monadnock Marketplace customers. From there, the Company would solicit new customers along Production Avenue and within the Marketplace. Secondly, the Company would begin engineering work to convert the next group of customers within the Key Rd. area.

Liberty is also in negotiations with a large commercial customer in Keene to utilize RNG from the Bethlehem RNG project. This is known as LOI Customer #3 in Docket No. DG 21-036. LOI Customer #3 would receive RNG service from a dedicated decompression facility located on their property as the existing decompression facility cannot accommodate their supply requirements. If a new LNG/CNG supply facility is the best option for the Keene Division, the Company intends to convert this customer over to that facility.

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

DG 21-132
Winter 2021/2022 Cost of Gas

Energy Technical Session Data Requests - Set 1

Date Request Received: 10/11/21
Request No. Energy TS 1-6

Date of Response: 10/20/21
Respondent: Catherine McNamara

REQUEST:

Reference: Petition (dated September 15, 2021), Bates 10-11.

The testimony says 29K in "adjustments" are "primarily due to the demand charges allocated to the winter months that were booked May -21 through July 21 at $7,812.50 or 75% of the total demand charges per month."

Please confirm that these adjustments were reviewed by Department of Energy audit staff and accepted; i.e. no issues with adjustments, or any other aspect of the Keene Winter 2020-21 COG reconciliation, remain.

RESPONSE:

The adjustments that make up the $29k referenced in the Gilbertson/McNamara/Simek testimony are comprised of the following:

May-July 2021 Demand charges charged to the Winter Deferral-timing	$23,437.50
Revenue appropriately booked to the winter deferral in summer months	$5,894.75
Gas Supply Gas Assistance (GAP)	-$228.73
Total Adjustments	$29,103.52
Interest May-21 to October-21	$2,095.00
Total Adjustments plus interest	$31,198.52

These adjustments were included in the Keene Winter 2020–21 COG reconciliation. The Department of Energy audited the Winter Cost COG deferral account and issued its final Audit Report on August 25, 2021. There were no audit issues concerning these adjustments. The only audit issue was related to a request for more detail in the Revenue section of the reconciliation and a request to refile the reconciliation including the additional requested detail, which refiling was made on September 28, 2021. Please see the response to Energy TS 1-9 for additional information.

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

DG 21-132
Winter 2021/2022 Cost of Gas

Energy Technical Session Data Requests - Set 1

Date Request Received: 10/11/21 | Date of Response: 10/20/21
Request No. Energy TS 1-7 | Respondent: David Simek

REQUEST:

Reference: DG No. 20-152, Order No. 26,428 (Dec 2 2020); DG No. 21-050 Order No. 26,475 (April 30, 2021) Petition (filed September 15, 2021).

The above referenced orders state as follows:

> Liberty-Keene Winter COG DG 20-152 Order No. 26,428 (December 2, 2020) *FURTHER ORDERED, that Liberty Keene track and report incremental natural gas savings and costs in COG reconciliations to be determined by comparing the individual CNG and LNG supply cost at the time of delivery with spot propane prices at that time; and it is FURTHER ORDERED, that Liberty Keene shall ensure that, in all future initial filings, for all fuel types planned for use in supplying customers (including CNG, LNG, propane) the fuel types and costs for fuels shall be specified in summaries as well as in discrete schedules, and Summary Schedule A, as currently configured, shall remain a component of future filings unless otherwise ordered; and it is*
>
> Liberty-Keene Summer COG, DG 20-050 Order No. 26,475 (April 30, 2021) *FURTHER ORDERED, that Liberty-Keene track and report incremental natural gas savings and costs in COG reconciliations to be determined by comparing the individual CNG supply cost at the time of delivery with spot propane prices at that time; and it is FURTHER ORDERED, that Liberty Keene shall ensure that, in all future filings, for all fuel types planned for use in supplying customers (including CNG, LNG, and propane) the fuel types and costs for fuels shall be specified in summaries as well as in discrete schedules, and the Summary Schedule A, as currently configured, shall remain a component of future filings unless otherwise ordered…*

a) The PUC has directed Liberty to track and report incremental costs and the method for doing so in this COG docket. It has directed Liberty to identify costs in schedules and in the narrative by type of fuel (propane, CNG). When the revised schedules and testimony are provided, on or before October 18, 2021, please be sure to comply with these orders in the revised filing.

b) See Order No. 26,475 at 11. Has Liberty-Keene considered appropriate timing and format for a single annual Liberty-Keene COG filing, i.e. eliminating the Liberty-Keene Summer COG filing?

   I. If so, what is Liberty-Keene's position, and why?

   II. Has Liberty-Keene considered the timing to "avoid over-burdening all parties" during the September-October COG season when two other large annual expedited COG dockets are reviewed? See Order at 11.

RESPONSE:

a) The fuel types and costs for fuels were specified in summary schedules A, B, and C as well as in incremental discrete schedules N, O, and P, as ordered, in both the original and updated filings.

b) The Company feels that it may be appropriate to have a single annual COG filing, but would need to evaluate certain factors, such as whether the allowed summer maximum COG rate increase should be increased from 25% to 40%, or whether a different percentage would be more appropriate. The Company proposed to increase the EnergyNorth maximum increase to 40% in Docket No. DG 21-130. If the 40% proposal is approved in Docket No. DG 21-130, the Company would consider proposing one annual Keene COG filing in the future but would want to ensure it is done in a way that minimizes potential under- and over-collections. As for the timing of a single annual filing, the Company does not believe there is much flexibility in the timing of a potential annual filing since winter rates go into effect November 1 and the goal is to calculate the proposed COG rates using market prices that are as close to the effective date as possible. If the timing of an annual filing was to take place at a time that is too far away from the implementation of winter rates when the majority of consumption take place, then the potential for large under- and over-collections increases. Moreover, given the current volatility in the commodity markets, the Company does not believe that moving to a singular annual filing is advisable at this time.

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

DG 21-132
Winter 2021/2022 Cost of Gas

Energy Technical Session Data Requests - Set 1

Date Request Received: 10/11/21
Request No. Energy TS 1-8

Date of Response: 10/20/21
Respondent: Deborah Gilbertson

REQUEST:

Reference: Petition (filed September 15, 2021), Schedules E, K-1, O, P, (not Bate numbered); Settlement Agreement in Docket No. DG 20-105, Exhibit 49

Please confirm or explain:

a) On Schedule E, Note 2 references a "generally accepted broker fee" and Note 5 references a "generally accepted standard supplier charge." Are Liberty-Keene's estimates of a broker fee and a standard supplier charge based upon Liberty's Energy Procurement Department's past experience and professional judgement? Please identify other standards or criteria, if any.

b) On Schedule K-1, are the categories "Deferred Revenue Surcharge Rate" and "Deferred Revenue Surcharge Total" hold-over categories from the time Liberty acquired Liberty-Keene?

c) On Schedule P, why does the chart for Winter 2019-2020 reference the marketer basis charge, while the chart for Winter 2020-2021 does not?

   I. Please confirm that marketer basis charge has not yet been recovered and is included in all incremental costs adjustments for this docket;

   II. Please confirm the marketer basis charge is included in both charts showing incremental costs;

   III. Are these incremental costs also referenced in, or related to, the Docket No. DG 21-105 Settlement, Appendix 4?

RESPONSE:

a) The sole purpose of Schedule E is for the Company to provide a prediction of what spot pricing may be for the forward months. To do this, the Company relies on market indicators that are known at the time that the pricing is prepared. These indicators include the Mont Belvieu propane index, the pipeline transport charge, the PERC fee, and the trucking fees. Along with these fees it is in the Company's professional judgement that the broker and/or supplier would also include their fee for service. The Company does not know what these fees may be, but generally accepts the standard that in a competitive marketplace there would be a supplier/broker margin embedded in the spot price. Schedule E provides a placeholder for ensuring that these unknown costs are also considered when building the predicted price. If the Company did not include an estimate for broker and supplier fees, then the estimated costs would likely be understated. Note that the predicted pricing will actualize in the day-to-day market, either up or down, depending on weather and market conditions at that time. Actual prices, not the Company's predicted prices, will at the end of the term be the final prices.

b) Yes, the "Deferred Revenue Surcharge Rate" and the "Deferred Revenue Surcharge Total" are hold-over categories from the time when Liberty acquired the Keene Division.

c) Both calculations include the marketer's basis charge, just in a different manner. During the time that the marketer's basis charge was being disputed, they were not included in the cost of gas. Once the settlement was reached, they were added to the calculation shown for the Winter of 2019–2020. Going forward, these costs are included in the invoices paid and, therefore, are included, just not broken out separately.

   I. The marketer's basis charge for Winter 2019–2020 was approved via the Settlement Agreement in Docket No. DG 20-105. See Appendix 4 on Bates 033 of the Settlement Agreement which included the marketer's basis charges in the calculation of incremental costs.

   II. The marketer's basis charge calculation is also included in the incremental COG calculation because, once the dispute referenced in item c) was resolved, the charge is now included in the invoice payments made by the Company.

   III. See the response to c) I.

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

DG 21-132
Winter 2021/2022 Cost of Gas

Energy Technical Session Data Requests - Set 1

Date Request Received: 10/11/21	Date of Response: 10/20/21
Request No. Energy TS 1-9	Respondent: Catherine McNamara

REQUEST:

Reference: Liberty-Keene Winter 2020-2021 Reconciliation Report, as revised September 28, 2021, and as originally filed.

Please provide a confidential version of the revised report filed on September 28, 2021, and the report as originally filed (Note: The Department of Energy does not have access to confidential filings at this time).

a) Please identify: all the revisions made in the September 28, 2021 filing (in red-line or highlights), the reason for the revisions, and the source of the error (s) that lead to the revision, if any. Regarding "source of the error, if any" for example, was the error made in the Company's accounting records, in the original report filed with Public Utility Commission, both, or in some other way?

b) Were the all of the September 28, 2021 revisions already discussed with Energy's Audit Division staff in the context of Energy Audit Staff's review of the original report filed with the PUC? If not, please identify any revisions made that were not already been discussed with Energy's Audit Division during the audit of the report as originally filed.

c) Has the Company updated its own accounting records to reflect the changes made in the revised September 28, 2021 filing? If not, why not? When will the Company make the changes in its own books that it has already filed with the PUC in this revised filing?

RESPONSE:

a) The only revisions made in the September 28, 2021, filing were to Schedule B. Specifically, the revenue section was revised to provide more detail between the interim and final rates. In the course of providing this additional detail, the Company discovered a difference of 285 therms in totaled billed sales. This was reflected correctly in the filing made on September 28, 2021, and did not impact the over/under balance. Audit Staff requested the refiling because the refiled document would match what was provided to the Audit Staff during the audit. See Confidential Attachment Energy TS 1-9.a.1 for a copy of the September 28, 2021, filing. Changes from the original filing are highlighted in yellow. See Confidential Attachment Energy TS 1-9.a.2 for a copy of the report as originally filed on June 15, 2021.

b) The revisions were the result of discussions with Audit Staff.

c) There were no accounting changes required based on the revised filing or the Final Audit Report. The over/under balance remained the same.

Confidential Attachment Energy TS 1-9.a.1. and Confidential Attachment Energy TS 1-9.a.2 are confidential versions of the Company's reconciliation of the over/under-collection of gas costs for the winter 2020–2021 season, which contains confidential third-party pricing and related information. That information is presumed confidential in cost of gas filings pursuant to Puc 201.06(a)(11).