

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

Docket No. DG 24-042

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

Summer 2024 Cost of Gas

Technical Statement of Ashraful Alam, Utility Analyst
Department of Energy, Division of Regulatory Support

April 12, 2024

The New Hampshire Department of Energy (“DOE” or the “Department”) submits this technical statement to provide the Commission with required information and a framework for understanding DOE’s position in advance of the Cost of Gas (“COG”) hearing scheduled for April 19, 2024 at 1:00 p.m.

As explained below, after review and analysis, the DOE recommends that the Commission review and approve Summer 2024 rates to be effective May 1, 2024, in this instant docket.

Background

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty-Keene Division (“Liberty-Keene” or the “Company”) filed its Summer 2024 Cost of Gas into this docket on March 14, 2024 although DOE anticipated Liberty to file it by March 8, 2024.¹ The Department issued an initial set of Data Requests (DR) on March 20, 2024, three (3) business days after the filing. The responses to the DR were received on March 25, 2024. The Company provided an updated filing on April 2, 2024, which included updated testimony along with an updated version of its COG model. The Department issued a second data requests on April 5, 2024 and the responses were received on April 9, 2024. The parties held two (2) technical sessions on March 28, 2024 and April 12, 2024 respectively. The analysis presented in the current statement makes an effort to be as exhaustive as possible given the expedited timeline.

Filing Facts and DOE Analysis

Therm Sales Projection

- The projected total sales over Summer 2024 (i.e., May 2024 to October 2024) period for Liberty-Keene is 351,641 therms, of which 53,263 (or 15.1 %) is for residential and 298,378 (or 84.9%) is for the C&I sector. The projected total sales are projected to be different from total sendout, which is estimated to be 356,141 therms for the Summer period.
- Of the projected total load, base load accounts for 283,194 therms (80.5% of total load), heating load accounts for 70,985 therms (or 20.2% of total load) and load due to weather normalization adjustment (the “normalization load”) accounts for (1,563)² (or (0.4%)). The normalization load calculation is driven

¹ In Docket DG 23-027 the Company and DOE agreed to default schedules for the forthcoming and subsequent Liberty Keene Division Summer filings.

² A figure in parenthesis indicates a negative value.

primarily by 58 more heating degree days (Schedule I and Schedule J, Line 6) projected over the May 2024 to October 2024 period.

Proposed Rates

- The proposed rates are as follows:

Beginning Period (per therm rate)	All Rate Classes
Non-Fixed Price Option (Non-FPO) Cost of Gas (COG) Rate	\$1.6337
Maximum COG Rate for Non-FPO ³	\$2.0421

Over/Under Collection Calculation

- For the Summer 2024 period, the Company identified a prior period under-collection of \$29,867 from Summer 2023 (Schedule B). This concurs with the October 2023 ending balance that was verified in the DG 23-034, 2023 Summer COG Reconciliation Final Audit Report.

COG Components

- Over May 2024 to October 2024 period, total projected direct and indirect supply Cost of Gas (“COG”) is \$527,315. The composition of this total projected cost is as follows:

Category	Amount (\$)	% of Total
Total COG Direct Commodity Cost	\$512,593	97.2%
CNG Demand Charges	\$13,750	2.6%
Interest Adjustment	\$972	0.2%
Total	\$527,315	100%
Prior Period Balance including Interest from Summer 2023	\$47,173	
Adjusted Total Projected COG Revenue Requirement for Summer 2024	\$574,488	

Incremental CNG Supply Cost

- Over the Summer 2024 period, the CNG supply cost is projected to be lower than the propane supply cost by \$24,195. This is summarized in Schedule M and N of the filing. The calculation of these schedules are performed from Summer to Summer and is driven by section 7.1(a) of the [Settlement Agreement](#) in [DG 20-105](#), that stipulates:

“... If the CNG supply cost is lower than the propane supply cost, the Company shall recover and retain the full amount of the incrementally lower CNG supply

³ Maximum authorized COG rates are 25% higher than the initially sought rates for Non-FPO customers. There is no FPO rate offered for the summer period.

cost up to the amount of incrementally higher CNG costs accrued since the commencement of CNG service, which have not then been recovered from customers, at which point the Company shall recover and retain one-half of the incrementally lower CNG supply costs.”

Thus, 50% of the incremental CNG savings (\$12,098) will be added to the cumulative balance of net incremental CNG costs/(savings) not recovered, making the new estimated balance (\$14,156)⁴. [(\$2,058) + (\$12,098)]

- Since the 2021 Summer COG season, CNG supply cost has been less expensive than the Propane supply cost, with the exception of 2022 Summer COG season. This resulted in savings on the Company’s end.
- The [Settlement Agreement](#) also stipulates that the incremental CNG supply cost calculation will follow the “cost of gas reconciliation process.” See section 7.1(a) of the [Settlement Agreement](#) in [DG 20-105](#). As such, in DOE’s opinion, the savings amount needing reconciliation now is (\$2,058). Consequently, subject to the Commission’s approval, the Department recommends that this amount should be tracked for the future and the incremental CNG supply cost/savings mechanism be re-evaluated in the next rate case.

Lost And Unaccounted For (LAUF) Gas Calculation

- The Company reported LAUF gas percentage of 0.64 based on actual usage over July 2022-June 2023. When asked to separate out the LAUF calculation by fuel type (i.e., CNG vs Propane), Liberty-Keene was unable to provide the information. See. Exhibit 6 and 7.

DOE Recommendation

Based on the foregoing, the DOE recommends that:

- The Commission review and approve Summer 2024 rates to be effective from May 1, 2024, in this instant docket.

⁴ A figure in parenthesis indicates a negative value.