

STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION

Docket No. DG 24-098

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty  
Winter 2024/2025 Cost of Gas and Summer 2025 Cost of Gas

DIRECT TESTIMONY

OF

ROBERT GARCIA

AND

ALYSSA E. MASTON

September 3, 2024



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1 **I. INTRODUCTION**

2 **Q. What are your full names, business addresses, and positions?**

3 A. (RG) My name is Robert Garcia. My business address is 15 Buttrick Road,  
4 Londonderry, New Hampshire. My title is Manager, Rates and Regulatory Affairs.

5 (AM) My name is Alyssa E. Maston. My business address is 15 Buttrick Road,  
6 Londonderry, New Hampshire. My title is Rates Analyst II, Rates and Regulatory  
7 Affairs.

8 **Q. By whom are you employed?**

9 A. We are employed by Liberty Utilities Service Corp. (“LUSC”), which provides services  
10 to Liberty Utilities (Granite State Electric) Corp d/b/a Liberty (“Liberty” or the  
11 “Company”).

12 **Q. On whose behalf are you testifying?**

13 A. We are testifying on behalf of the Company.

14 **Q. Mr. Garcia, would you describe your educational and professional background and  
15 training?**

16 A. I have an Artium Baccalaureus (Bachelor of Arts) degree in Political Science and French  
17 from Wabash College (Crawfordsville, Indiana) and a Master of Public Administration  
18 degree from the School of Public and Environmental Affairs at Indiana University  
19 (Bloomington, Indiana) with concentrations in Policy (Quantitative) Analysis and  
20 International Affairs. I also obtained a Certificat De Langue Et Civilisation Française  
21 from the Université de Paris – Sorbonne (Paris, France) and, as part of my graduate

1 studies, studied French and European government at the École Nationale  
2 D'Administration (Paris, France).

3 I was employed by ComEd from April 2001 to March 2023. I began my employment  
4 with ComEd in the Regulatory Department as a Regulatory Specialist and moved on to  
5 the positions of Senior Regulatory Specialist in 2004, Manager of Regulatory Strategies  
6 and Solutions in 2008, and Director of Regulatory Strategy and Services in 2013 before  
7 assuming my last position as Director of Regulatory Innovation & Initiatives in 2021.

8 Prior to joining ComEd, I worked for nearly nine years at the Illinois Commerce  
9 Commission, beginning in 1992 as an intern in what was then the Office of Policy and  
10 Planning and ending in 2001 as the senior policy advisor to a Commissioner. I initially  
11 joined the Commission Staff through the James H. Dunn Memorial Fellowship program,  
12 a one-year program sponsored by the Office of the Governor. Through this Fellowship, I  
13 also held short-term positions in the Bureau of the Budget and the Governor's Legislative  
14 Office.

15 **Q. Ms. Maston, would you describe your educational background, and your business  
16 and professional experience?**

17 A. I graduated from Southern New Hampshire University in 2019 with a Bachelor of  
18 Science degree in Accounting, and earned my Masters in Professional Accountancy from  
19 the same institution in 2020. I have held an active Certified Public Accountant ("CPA")  
20 license since 2022. I joined Liberty in August 2023. Prior to joining Liberty, I was  
21 employed by Baker Newman Noyes, a public accounting firm, from 2020 through 2022. I

1 held positions as an Audit Senior and Audit Staff, and was responsible for performing  
2 financial audits of companies in a large range of industries, such as banking and  
3 healthcare.

4 **Q. Have you previously testified in regulatory proceedings before the New Hampshire**  
5 **Public Utilities Commission (the “Commission”)?**

6 A. Yes, we have.

7 **Q. What is the purpose of your testimony?**

8 A. Our testimony submits for Commission approval the Company’s updated firm sales Cost  
9 of Gas rates for the 2024/2025 Winter (or Peak) Period and 2025 Summer (or Off-Peak)  
10 Period. In addition, Liberty seeks approval to modify the letter informing customers of  
11 the Fixed Price Option (“FPO”) for use next year (2025/2026 winter period) in order to  
12 mitigate the issues that arise when the approved FPO rate varies substantially from the  
13 FPO rate initially communicated to customers, which has occurred in recent years.. Per  
14 the guidelines adopted in Docket No. 23-027, Liberty believes approval of this new letter  
15 and any other issues that may be raised concerning the FPO may be “carved out” and  
16 addressed in a separate phase of this proceeding, as a decision is not needed before  
17 November 1, 2024.

18 **Q. Can you summarize the proposed rates?**

19 A. The table below provides a summary of all rates proposed in this testimony, along with  
20 comparison to the rates approved for the previous rate year.

1  
2

	<b>Rates Effective November 1, 2023 (Order No. 26,898)</b>	<b>November 1, 2024, Proposed Rate</b>	<b>Change</b>	<b>% Change</b>
<b>Residential</b>	<b>\$0.7563</b>	<b>\$0.6792</b>	<b>\$(0.0771)</b>	<b>(10)%</b>
<b>Residential (GAP)</b>	<b>\$0.4160</b>	<b>\$0.3736</b>	<b>\$(0.0424)</b>	<b>(10)%</b>
<b>C&amp;I – LLF (High winter use)</b>	<b>\$0.7561</b>	<b>\$0.6793</b>	<b>\$(0.0768)</b>	<b>(10)%</b>
<b>C&amp;I – HLF (Low winter use)</b>	<b>\$0.7573</b>	<b>\$0.6796</b>	<b>\$(0.0777)</b>	<b>(10)%</b>
<b>Residential FPO</b>	<b>\$0.7763</b>	<b>\$0.6992</b>	<b>\$(0.0771)</b>	<b>(10)%</b>
<b>Residential FPO (GAP)</b>	<b>\$0.4270</b>	<b>\$0.3846</b>	<b>\$(.0424)</b>	<b>(10)%</b>
<b>Transportation</b>	<b>\$0.0018</b>	<b>\$.0014</b>	<b>\$(0.0004)</b>	<b>(22)%</b>
	<b>Rates Effective May 1, 2024 (Order No. 26,898)</b>	<b>May 1, 2025, Proposed Rate</b>	<b>Change</b>	<b>% Change</b>
<b>Residential</b>	<b>\$0.0187</b>	<b>\$0.0724</b>	<b>\$0.0537</b>	<b>287%</b>
<b>C&amp;I – LLF (High winter use)</b>	<b>\$0.0181</b>	<b>\$0.0725</b>	<b>\$0.0544</b>	<b>301%</b>
<b>C&amp;I – HLF (Low winter use)</b>	<b>\$0.0193</b>	<b>\$0.0726</b>	<b>\$0.0533</b>	<b>276%</b>

3  
4

**Q. Are there any schedules and attachments included in your testimony?**

A. Yes. The table below lists the schedules and attachment included in our testimony.

Schedule	Description
Pk Summary	Cost of Gas Summary
Pk Schedule 3	COG, Working Capital, and Bad Debt (Over)/Under Cumulative Recovery Balances and Interest Calculation
Pk Schedule 4	Adjustments to Gas Costs
Pk Schedule 8	Annual Bill Comparisons
Pk Schedule 9	Variance Analysis of the Components of the Winter 2023-2024 Actual Results vs Proposed Winter 2024-2025 Cost of Gas Rate
Pk Schedule 13	Load Migration From Sales to Transportation in the C&I High and Low Winter Use Classes

Pk Schedule 14	Delivered Costs of Winter Supplies to Pipeline Delivered Supplies from the Prior Year
Pk Schedule 15	July and August Consumption of C&I High and Low Winter Classes as a Percentage of Their Annual Consumption
Pk Schedule 17	Forecast of Firm Transportation Volumes and Cost of Gas Revenues
Pk Schedule 23	Fixed Price Option (FPO) Historical Summary
Pk Schedule 24	Short-Term Debt Limitations
Pk Schedule 25	Company Allowance and Lost and Unaccounted For Gas (LAUF) Calculation
Pk Schedule 26	Fuel Inventory Revenue Requirement
OP Summary	Cost of Gas Summary
OP Schedule 3	COG, Working Capital, and Bad Debt (Over)/Under Cumulative Recovery Balances and Interest Calculation
OP Schedule 4	Adjustments to Gas Costs
OP Schedule 8	Annual Bill Comparisons
Attachment 1	2024 FPO Letter
Attachment 2	Proposed FPO Letter (2025/2026 and beyond)
Attachment 3	Illustrative Clean and Redlined Tariff Pages

1    **Q.    Has Liberty made any changes to the aforementioned schedules?**

2    A.    Yes. Liberty has made several revisions to the Excel-based model underlying the  
3    attached schedules in order to improve accuracy and transparency, which will lead to  
4    more efficient processes for everyone. The model used in Docket No. DG 23-076 and  
5    previous dockets to create the schedules and calculate the Cost of Gas had grown to  
6    include duplicative information that is no longer useful and made updates and reviews  
7    difficult. Note that for ease of reference, the previously used schedule numbers were

1 retained, and the list of schedule numbers reflected in the table above appear  
2 nonsequential due to the bifurcation of the annual LDAC review from the COG review.

3 Many schedules were not changed at all, while others were revised, reformatted, or  
4 removed. The schedules that were removed include Pk (peak) and OP (off-peak)  
5 Schedules 1, 2, and 7, which all contained duplicative data that can be found on the  
6 remaining Pk and OP Schedules 5 and 6. OP Schedules 10B and 12 were also removed,  
7 as they were exact duplicates of the Pk Schedules 10B and 12, which remain in the  
8 current model. Pk and OP Schedules 4, 10A, and 11, as well as Pk Schedules 21 and 22  
9 were all reformatted to span fewer tabs and flow in a simpler way.

10 Pk and OP Schedule 3 were revised slightly to simplify the presentation of the interest  
11 calculation. Pk Schedule 16 was also revised to remove the unused inventory financing  
12 charge calculation, which is calculated on Pk Schedule 26.

13 The Company met with the Department of Energy and the Office of the Consumer  
14 Advocate ahead of this filing to provide an overview of the changes made in this filing.

15 **Q. Were any changes made to how costs are allocated?**

16 A. Yes. The most significant revision to the schedules can be found on Pk and OP  
17 Schedules 5 and 6. These schedules contain the detail of the estimated unadjusted gas  
18 costs that are the basis for the initial Cost of Gas rate calculation.

19 The estimated demand costs on Pk and OP Schedule 5 were previously allocated between  
20 peak and off-peak manually on a contract basis, with certain pipeline contracts allocated



1 entirely to the peak season and others split between peak and off-peak based on when the  
2 costs were estimated to be incurred. This approach was not necessarily reflective of when  
3 the gas was actually used season to season. Therefore, the Company has created an  
4 allocation factor based on a ratio of projected sales volumes to allocate estimated pipeline  
5 demand costs between the peak and off-peak season. The Company calculated the  
6 percentage of the firm sales projected on Pk Schedule 10B that were attributable to the  
7 off-peak season and used that percentage to allocate the demand costs expected to be  
8 incurred during the off-peak season, with the difference allocated to the peak season. All  
9 costs that are expected to be incurred solely in the peak season are still included in the  
10 peak season. The result of this change is that just over \$2.5M in pipeline demand costs  
11 that previously would have been included in the off-peak Cost of Gas are now included in  
12 the peak Cost of Gas, which is more representative of historical usage.

13 On Pk and OP Schedule 6 (Supply and Commodity Costs), all pipeline costs are included  
14 in the Cost of Gas for the season in which they are incurred, as they were previously.

15 However, the Company is now including 100% of the estimated storage and produced  
16 gas supply and commodity costs in the peak cost of gas because the peak season is when  
17 the stored and produced gas is intended to be used. This change results in about \$90,000  
18 in costs that would have previously been included in the off-peak Cost of Gas now being  
19 included in the peak Cost of Gas. These costs have been removed from OP Schedule 6 to  
20 simplify the schedule. All of these changes were made to increase the accuracy of the  
21 estimated costs for each season.

1 **II. WINTER 2024/2025 COST OF GAS FACTOR**

2 **Q. What are the proposed firm Winter sales and firm transportation Cost of Gas**  
3 **rates?**

4 A. The Company proposes a firm sales Cost of Gas rate of \$0.6792 per therm for residential  
5 customers, \$0.6793 per therm for commercial and industrial high winter use customers,  
6 and \$0.6796 per therm for commercial and industrial low winter use customers. The  
7 Company proposes a firm transportation Cost of Gas rate of \$0.0014 per therm.

8 **Q. Please explain tariff page Illustrative Nineteenth Revised Page 95.**

9 A. Illustrative Nineteenth Revised Page 95 in Attachment 3 contains the calculation of the  
10 2024/2025 winter period Cost of Gas Rate and summarizes the Company's forecast of  
11 firm gas costs and firm gas sales. As shown on tariff Page 95, the proposed 2024/2025  
12 Average Cost of Gas of \$0.6792 per therm is derived by adding the Direct Cost of Gas  
13 Rate of \$0.6259 per therm to the Indirect Cost of Gas Rate of \$0.0533 per therm. The  
14 estimated total Anticipated Direct Cost of Gas, derived on Illustrative Nineteenth Revised  
15 Page 95, is \$55,639,395. The estimated Indirect Cost of Gas, shown on Page 95, is  
16 \$4,736,843. The Direct Cost of Gas Rate of \$0.6259 and the Indirect Cost of Gas Rate of  
17 \$0.0533 are determined by dividing each of these total cost figures by the projected  
18 winter period firm sales volumes of 88,888,172 therms.

19 To calculate the total Anticipated Direct Cost of Gas, the Company adds a list of  
20 allowable adjustments from deferred gas cost accounts to the projected demand and  
21 commodity costs for the winter period supply portfolio. These allowable adjustments,  
22 shown on Illustrative Fourth Revised Page 96, total \$(2,288,082). These adjustments are

1 added to the Unadjusted Anticipated Cost of Gas of \$57,927,477 to determine the Total  
2 Anticipated Direct Cost of Gas of \$55,639,395.

3 **Q. What are the components of the Unadjusted Anticipated Cost of Gas?**

4 A. The Unadjusted Anticipated Cost of Gas shown in Attachment 3 on Illustrative Fourth  
5 Page 96 consists of the following components:

6	1. Purchased Gas Demand Costs		\$13,277,648
7	2. Purchased Gas Commodity Costs		40,009,791
8	3. Storage Demand and Capacity Costs		846,659
9	4. Storage Commodity Costs		4,210,226
10	5. Produced Gas Cost		4,078,054
11	Hedge Underground Storage Contract (saving)/Loss		<u>(4,494,900)</u>
12	Total		<u>\$57,927,477</u>

13 **Q. What are the components of the allowable adjustments to the Cost of Gas?**

14 A. The allowable adjustments to gas costs, listed on Illustrative Fourth Revised Page 96 in  
15 Attachment 3, are as follows:

16	1. Deferred Gas Cost Prior Period Over Collection		\$306,763
17	2. Interest		188,887
18	3. Accounting Adjustments		54,172
19	4. Gas Assistance Program		(618,933)
20	5. Fuel Inventory Revenue Requirement		462,146
21	6. Broker Revenues		30,408
22	7. Transportation COG Revenue		62,123
23	8. Capacity Release Margin		(2,836,642)
24	9. Fixed Price Option Administrative Costs		<u>62,993</u>
25	Total Adjustments		<u>\$(2,288,082)</u>

26 These allowable adjustments are standard adjustments made to the deferred gas cost  
27 balance through the operation of the Company's Cost of Gas adjustment clause.

1 **Q. How does the proposed average Cost of Gas rate in this filing compare to the**  
2 **average Cost of Gas rate approved by the Commission in Docket No. DG 23-076 for**  
3 **the 2023/2024 winter period?**

4 A. The table below contains the comparison of the Cost of Gas rate approved in Docket No.  
5 DG 23-076, to the proposed rate in this filing.

	<b>Rates Effective November 1, 2023 (Order No. 26,898)</b>	<b>November 1, 2024, Proposed Rate</b>	<b>Change</b>	<b>% Change</b>
<b>Residential – R3</b>	<b>\$0.7563</b>	<b>\$0.6792</b>	<b>\$(0.0771)</b>	<b>(10)%</b>
<b>C&amp; I - G41</b>	<b>\$0.7561</b>	<b>\$0.6793</b>	<b>\$(0.0768)</b>	<b>(10)%</b>
<b>C&amp;I - G42</b>	<b>\$0.7561</b>	<b>\$0.6793</b>	<b>\$(0.0768)</b>	<b>(10)%</b>
<b>C&amp; I - G52</b>	<b>\$0.7573</b>	<b>\$0.6796</b>	<b>\$(0.0777)</b>	<b>(10)%</b>

6  
7 **Q. How does the proposed firm transportation winter Cost of Gas rate compare to the**  
8 **rate approved by the Commission for the 2023/2024 winter period?**

9 A. The proposed firm transportation winter Cost of Gas rate is \$0.0014 per therm. The rate  
10 approved in Docket No. DG 23-076 was \$0.0018 per therm. There is a \$0.0004 decrease  
11 in the firm transportation rate. The decrease is primarily due to a decrease in anticipated  
12 gas costs. Market changes are discussed in more detail in the Testimony of Mr. Tilbury,  
13 Mrs. Esposito, and Mr. Summerfield.

	<b>Rates Effective November 1, 2023 (Order No. 26,898)</b>	<b>November 1, 2024, Proposed Rate</b>	<b>Change</b>	<b>% Change</b>
<b>Transportation</b>	<b>\$0.0018</b>	<b>\$0.0014</b>	<b>\$(0.0004)</b>	<b>(22)%</b>

1

2 **Q. In the calculation of the firm transportation winter Cost of Gas rate, has the**  
3 **Company updated the estimated percentage used for pressure support purposes?**

4 A. No. The estimated percentage used for pressure support purposes of 8.7% stayed the  
5 same based on the marginal cost study used for the rate design approved in Docket No.  
6 DG 20-105.

7 **Q. Did the Company include a fuel inventory revenue requirement calculation in this**  
8 **filing?**

9 A. Yes. The calculation is provided on Pk Schedule 26. The Company proposes to collect  
10 \$462,146 in fuel inventory revenue requirement consistent with the approved rate of  
11 return in Order No. 26,505 (July 30, 2021) in Docket No. DG 20-105. The impact of this  
12 amount on the overall Cost of Gas rate is \$0.0052 per therm, which is determined by  
13 dividing the \$462,146 by the estimated November 2024 through April 2025 COG sales  
14 volumes of 88,888,172 therms.

15 **Q. How was the statutory tax rate of 27.08% on Schedule 26 calculated?**

16 A. Liberty calculated the statutory rate of 27.08% by using a 21% federal tax rate and a  
17 7.7% tax rate for the State of New Hampshire in the following equation:  $(0.21 + 0.077 -$   
18  $(0.21 \times 0.077) = 0.27083$ ).

19 **Q. How was the common equity pre-tax rate of 6.64% on Schedule 26 calculated?**

20 A. The common equity pre-tax rate of 6.64% was calculated by dividing the 9.30% rate of  
21 return on common equity, approved in Docket No. DG 20-105, by 0.72917  $(1 - 0.27083)$

1 and multiplied by 52.00% (equity component of the capital structure approved in DG 20-  
2 105)  $[0.093 / 0.72917 \times 0.5200 = 0.06664]$ .

3 **Q. Has the bad debt percentage in this filing of 0.23% changed from the bad debt**  
4 **percentage calculated in the Winter 2022/2023 Cost of Gas Reconciliation?**

5 A. Yes. The Company calculated a bad debt percentage of 1.99% for the period of May  
6 2023 – April 2024. The bad debt percentage that was calculated in the Winter 2022/2023  
7 Cost of Gas Reconciliations for the period of May 2022 – April 2023 was 0.23%.

	<b>Approved Rate Docket No. DG 23-076</b>	<b>Proposed Rate</b>	<b>% Change</b>
<b>Bad Debt %</b>	<b>0.23%</b>	<b>1.99%</b>	<b>765.22%</b>

8  
9 **Q. What was the actual weighted average firm sales Cost of Gas rate for the 2023/2024**  
10 **winter period?**

11 A. The weighted average Cost of Gas rate was \$0.6249 per therm. This was calculated by  
12 applying the actual monthly Cost of Gas rates for November 2023 through April 2024 to  
13 the monthly therm usage of an average residential heating customer using 640 therms for  
14 the six winter period months. The table below shows the various rate classes and their  
15 changes from last winter:

	<b>Average COG Rate Winter 2023/2024</b>	<b>Proposed Rate</b>	<b>Change</b>	<b>% Change</b>
<b>Residential – R3</b>	<b>\$0.6249</b>	<b>\$0.6792</b>	<b>\$0.0543</b>	<b>9%</b>
<b>C&amp; I - G41</b>	<b>\$0.6292</b>	<b>\$0.6793</b>	<b>\$0.0501</b>	<b>8%</b>
<b>C&amp;I - G42</b>	<b>\$0.6261</b>	<b>\$0.6793</b>	<b>\$0.0532</b>	<b>9%</b>
<b>C&amp; I - G52</b>	<b>\$0.6127</b>	<b>\$0.6796</b>	<b>\$0.0669</b>	<b>11%</b>

1

2 **Q. What is the current percentage used to calculate the maximum increase in the Cost**  
3 **of Gas rate?**

4 A. The current percentage used to calculate the maximum allowed increase to the Cost of  
5 Gas rate through the monthly “trigger” filings is 25% for both the Winter and Summer  
6 period Cost of Gas rates.

7 **III. FIXED PRICE OPTION**

8 **Q. Has the Company established a winter period fixed price for the Fixed Price Option**  
9 **Program?**

10 A. Yes. Pursuant to Order No. 24,515 (Sept. 16, 2005) in Docket No. DG 05-127, the FPO  
11 rates are set by adding \$0.0200 per therm to the initial proposed COG rate. Applying that  
12 calculation, Illustrative Fourth Revised Page 94 in Attachment 3 contains the proposed  
13 FPO rate for the 2024/2025 Winter Period of \$0.6992 per therm for residential customers.  
14 This compares to the FPO rate approved for the 2023/2024 Winter Period of \$0.7763 per  
15 therm for residential customers. This represents a decrease of \$0.0771 per therm or 10%  
16 in the residential FPO rate. The total bill impact on the winter period bills for an average

1 FPO heating customer using 640 therms is a decrease of approximately \$33.12 or 3%  
2 compared to last winter's approved FPO rate. Pk Schedule 23 contains the historical  
3 results of the FPO program.

	<b>Winter 2023/2024 FPO Bill Impact</b>	<b>Winter 2023/2024 Non-FPO Bill Impact</b>
<b>Residential - R3</b>	\$(33.12) or (3)%	\$51.00 or 5%

4  
5 **Q. Has the Company provided a copy of the letter it intends to send customers**  
6 **informing them of the FPO option for the 2024/2025 winter period?**

7 A. Yes. As agreed during the October 19, 2023, hearings in Docket Nos. DG 23-076 and  
8 DG 23-084, a copy of the letter is provided in Attachment 1. It is essentially the same  
9 letter as provided in those cases last year, but with updated rates.

10 **Q. Does the Company propose any modifications to the FPO letter for use in future**  
11 **winter period mailings?**

12 A. Yes. In light of circumstances that caused Liberty to substantially alter its proposed Non-  
13 FPO and FPO rates after the letters were sent to customers in recent years (*e.g.*, dramatic  
14 increase in gas prices precipitated by the invasion of Ukraine and a booking error  
15 discovered shortly before last year's hearing) resulting in the need to send a second set of  
16 FPO letters with updated FPO rates, Liberty seeks approval to use the draft letter set forth  
17 in Attachment 2 beginning next year, for the winter period 2025/2026 FPO mailing. The  
18 key change is that the proposed letter does not include the FPO rate proposed at the time  
19 of the mailing, but simply states that the FPO rate will be two cents higher than the



1 approved COG rate, thereby emphasizing the 2-cent per therm premium that participating  
2 customers will pay for the six-months of price certainty. If this change is approved for  
3 the 2025-2026 winter, then in advance of the winter 2026-2027 filing, Liberty will review  
4 its findings (*e.g.*, impact on enrollments, customer inquiries) with the Department of  
5 Energy and Office of the Consumer Advocate and determine whether to continue using  
6 the revised letter.

7 Per the guidelines adopted in Docket No. 23-027, the Company recommends that this  
8 matter be addressed in a separate phase of this docket, along with any other changes that  
9 may be proposed to the FPO.

10 **IV. SHORT TERM DEBT LIMIT**

11 **Q. Has the Company updated its Short Term Debt Limit for the period November 2024**  
12 **through October 2025?**

13 A. Yes. In Order No. 24,824 (Feb. 29, 2008) the Commission authorized Liberty to have a  
14 short-term debt limit for fuel purposes set at 30 percent of the Company's total gas costs.  
15 In Pk Schedule 24, the Company has calculated the short-term debt limit for fuel  
16 purposes for the upcoming year to be \$18,112,871.

1 **V. COMPANY GAS ALLOWANCE**

2 **Q. Has the Company also updated its Company Gas Allowance percentage for the**  
3 **period November 2024 through October 2025 in accordance with Section 8 of the**  
4 **Company's Delivery Terms and Conditions?**

5 A. Yes, in Pk Schedule 25 the Company has recalculated its Company Gas Allowance for  
6 the period November 2024 through October 2025. The Company calculated the  
7 Company Allowance of 2.64% based on sendout and throughput data for the twelve  
8 months ending June 2024. The Company proposes to apply this recalculated Company  
9 Gas Allowance to all supplier deliveries beginning in November 2024.

10 **VI. OTHER TARIFF CHANGES**

11 **Q. Is the Company proposing to update its Delivery Terms and Conditions?**

12 A. Yes. The Company is submitting Illustrative Fourth Revised Page 153 relating to  
13 Supplier Balancing and Peaking Demand Charges and Illustrative Fourth Revised Page  
14 154 relating to Capacity Allocation, both of which are reflected in Attachment 3.

15 **Q. Please describe the changes to tariff Page 153.**

16 A. In Illustrative Fourth Revised Page 153, the Company updates the Peaking Demand  
17 Charge from \$43.95 per MMBtu of Peak MDQ to \$56.21 per MMBtu of Peak MDQ.  
18 This calculation is presented in Schedule 21.

19 **Q. Please describe the changes to tariff Page 154.**

20 A. Illustrative Fourth Revised Page 154 updates the Capacity Allocator percentages used to  
21 allocate pipeline, storage, and local peaking capacity to high and low load factor

1 customers under the mandatory capacity assignment requirement for firm transportation  
2 service. Pk Schedule 22 contains the four-page worksheet that backs up the calculations  
3 for the updated allocators.

4 **VII. SUMMER 2024 COST OF GAS FACTOR**

5 **Q. What are the proposed 2024 summer firm sales Cost of Gas rates?**

6 A. The Company proposes a firm sales Cost of Gas rate of \$0.0724 per therm for residential  
7 customers, \$0.0725 per therm for commercial/industrial high winter use customers, and  
8 \$0.0726 per therm for commercial/industrial low winter use customers as shown on  
9 Illustrative Twelfth Revised Page 92.

10 **Q. Please explain Illustrative Fourth Revised Page 91 and Illustrative Twelfth Revised**  
11 **Page 92.**

12 A. In Attachment 3, Illustrative Fourth Revised Page 91 and Illustrative Twelfth Revised  
13 Page 92 contain the calculation of the 2025 Summer Period Cost of Gas Rate and  
14 summarize the Company's forecast of firm gas sales, firm gas sendout, and gas costs. On  
15 Illustrative Twelfth Revised Page 92, the Company derives the 2025 Average Cost of Gas  
16 of \$0.0724 per therm by adding the Direct Cost of Gas Rate of \$0.0376 per therm to the  
17 Indirect Cost of Gas Rate of \$0.0348 per therm. The estimated total Anticipated Direct  
18 Cost of Gas is \$843,821 and the estimated Indirect Cost of Gas is \$779,573. The Direct  
19 Cost of Gas Rate and the Indirect Cost of Gas Rates are determined by dividing each of  
20 these total cost figures by the projected summer firm sales volumes of 22,422,719 therms.  
21 Illustrative Twelfth Revised Page 92 also shows the calculation of the

1 Commercial/Industrial High Winter Use Cost of Gas Rate of \$0.0725 per therm and the  
2 Commercial/Industrial Low Winter Use Cost of Gas Rate of \$0.0726 per therm.

3 The calculation of the Anticipated Direct Cost of Gas is shown on Illustrative Fourth  
4 Revised Page 91. To derive the total Anticipated Direct Cost of Gas of \$843,821 the  
5 Company starts with the Unadjusted Anticipated Cost of Gas of \$4,297,502 and adds the  
6 Net Adjustment totaling (\$3,453,681).

7 **Q. What are the components of the Unadjusted Anticipated Cost of Gas?**

8 A. The Unadjusted Anticipated Cost of Gas shown on Illustrative Fourth Revised Page 91  
9 consists of the following components:

10	1. Purchased Gas Demand Costs	\$1,210,454
11	2. Purchased Gas Supply Costs	6,947,947
12	4. Hedge Contract (Savings)/loss	<u>(3,860,898)</u>
13		
14	Total Unadjusted Anticipated Cost of Gas	<u>\$4,297,502</u>

15 **Q. What are the components of the adjustments to the Cost of Gas?**

16 A. The allowable adjustments to gas costs, listed on Attachment 3, Illustrative Fourth  
17 Revised Page 91 are as follows:

18	1. Prior Period (Over)/Under Collection	\$(409,360)
19	2. Interest	<u>25,413</u>
20	2. Capacity Release and Off System Sales Margins	<u>(3,069,734)</u>
21		
22	Total Adjustments	<u>\$(3,453,681)</u>

1 **Q. How does the proposed average Summer Cost of Gas rates in this filing compare to**  
2 **the Cost of Gas rates approved by Order No. 26,898 (October 31, 2023) in Docket**  
3 **No. DG 23-076 for the 2024 Summer Period?**

4 A. The table below summarizes the total bill impacts of the proposed summer 2025 rates.

	<b>Rates Effective May 1, 2024 (Order No. 26,898)</b>	<b>Proposed Rate</b>	<b>Change</b>	<b>% Change</b>
<b>Residential – R3</b>	<b>\$0.0187</b>	<b>\$0.0724</b>	<b>\$0.0537</b>	<b>287%</b>
<b>C&amp; I - G41</b>	<b>\$0.0181</b>	<b>\$0.0725</b>	<b>\$0.0544</b>	<b>301%</b>
<b>C&amp;I - G42</b>	<b>\$0.0181</b>	<b>\$0.0725</b>	<b>\$0.0544</b>	<b>301%</b>
<b>C&amp; I - G52</b>	<b>\$0.0193</b>	<b>\$0.0726</b>	<b>\$0.0533</b>	<b>276%</b>

8 **VIII. CUSTOMER BILL IMPACTS**

9 **Q. What are the estimated impacts of the proposed firm sales Cost of Gas rate on an**  
10 **average heating customer’s winter bill as compared to the winter rates in effect last**  
11 **year?**

12 A. The bill impact analyses are presented in both the Pk and OP Schedule 8 of this filing.  
13 These bill impacts reflect the implementation of the temporary rates approved in Docket  
14 No. DG 23-067, effective November 1, 2023, relating to the Company’s distribution rate  
15 case. The bill impacts also include the LDAC rates included in the August 20, 2024,  
16 filing in this docket. The table below summarizes the total bill impacts of the proposed  
17 rates.

	<b>Winter 2024/2025 Bill Impact</b>	<b>Summer 2025 Bill Impact</b>	<b>Annual Bill Impact</b>
<b>Residential - R3</b>	<b>\$51 or 5%</b>	<b>\$3 or 1%</b>	<b>\$54 or 4%</b>
<b>Residential - R3 FPO</b>	<b>\$(33) or (3)%</b>	<b>N/A</b>	<b>\$(33) or (3)%</b>
<b>Residential – R4 GAP</b>	<b>\$(78) or (10)%</b>	<b>N/A</b>	<b>\$(78) or (10)%</b>
<b>C&amp; I - G41</b>	<b>\$86 or 3%</b>	<b>\$17 or 3%</b>	<b>\$104 or 3%</b>
<b>C&amp;I - G42</b>	<b>\$846 or 4%</b>	<b>\$154 or 4%</b>	<b>\$1,001 or 4%</b>
<b>C&amp; I - G52</b>	<b>\$768 or 6%</b>	<b>\$365 or 10%</b>	<b>\$1,133 or 7%</b>

1

2 **IX. CONCLUSION**

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

4 **A. Yes, it does.**