

STATE OF NEW HAMPSHIRE

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February 28, 2020

RE: DG 19-161 Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Request for Change in Rates
Docket Closure

To the Parties:

On February 18, 2020, Liberty Utilities (EnergyNorth Natural Gas) Corp. ("Liberty") filed a notice of withdrawal of its gas distribution rate increase filing "after careful consideration of the issues raised at the prehearing conference." Liberty requested that the Commission close this docket without prejudice. The Commission has granted Liberty's request. Similar to Liberty, the Commission has also given careful consideration to the issues raised at the prehearing conference. In light of those issues, the Commission reminds Liberty that as the Company considers future rate case filings, it must adhere to prior orders:

1. In Order No. 25,987 (concerning expansion of gas service in to Pelham and Windham) the Commission approved a risk sharing mechanism requiring Liberty to absorb one half of a Pelham revenue shortfall in its first rate case after commencing service, based on a comparison of the anticipated average annual revenue requirement and an updated actual average annual revenue requirement.¹ Liberty must include in its initial filing of its next rate case all the information required to be filed by Order No. 25,987, including but not limited to, a revenue requirement calculation that includes an adjustment, if applicable, as outlined in the Settlement Agreement approved in that Order, and detailed supporting schedules as required by that Settlement Agreement.
2. Consistent with Order No. 26,122, Liberty must also include in its next initial rate case filing:
 - an analysis of Liberty's depreciation reserve imbalance (Order No. 26,122 at 18);
 - the information necessary to permit the Commission to evaluate the impact of decoupling (Order No. 26,122 at 46);
 - an analysis of Liberty's investment in its iNATGAS facility similar to Exhibit 46 in DG 17-048, in sufficient detail, to allow the Commission to evaluate the investment and its impacts on firm customers; and
 - a reduction to Liberty's proposed revenue requirement by 50 percent of any revenue shortfall for the first phase of the Keene CNG/LNG conversion (Order No. 26,122 at 39).
3. Order No 26,122 also established a number of adjustments to be included in Liberty's revenue requirement calculations. In its next rate case filing, Liberty's revenue requirement calculation must include adjustments for each item specifically adopted in Order 26,122 (or an explanation as

¹ DG 15-362, Exhibit 4, paragraph II.E and Appendix B and C.

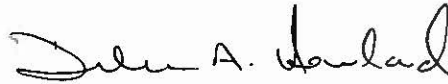
to the change in circumstance that obviates the need for specific adjustments). Those adjustments include:

- Year-End Customer Count vs. Average Customer Count (Order No. 26,122 at 10);
- A payroll calculation that reflects a representative level of vacancies (Order No, 26,122 at 11); and
- Severance Pay (Order No. 26,122 at 13).

Liberty's next rate petition should also include in its initial filing updated indirect gas costs with supporting testimony and schedules. In addition, the initial filing should identify and explain all non-supply costs to be recovered through the Keene cost of gas.

Finally, at the prehearing conference, Staff and the Office of the Consumer Advocate stated that a calendar year test year is preferable to a split-year test-year because it aligns with the Company's Annual Report to the PUC, Form F-16. The Commission found those statements persuasive and thus recommends Liberty use a calendar year in its next filed rate case. If it chooses not to do so, the Company must provide all supporting information in the format of a Form F-16 Annual Report.

Sincerely,

A handwritten signature in black ink, appearing to read "Debra A. Howland". The signature is fluid and cursive, with the first name being the most prominent.

Debra A. Howland
Executive Director

cc: docket file

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