

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

DG 22-015

Summer 2022 Cost of Gas

Department of Energy Data Requests - Set 1

Date Request Received: 3/23/22
Request No. DOE 1-10

Date of Response: 3/29/22
Respondent: Deborah Gilbertson

REQUEST:

Ref: March 15, 2022 Filing, Testimony Dkt. No 21-132 Liberty Keene Winter 2021-2022 COG filing, Schedule D, Bates 025 (700,000 gallons)

- a) Has the Company considered increasing the amount, or expediting the purchase of, propane at fixed prices for Winter 2022-23 given the high and volatile market over the past several months and the Company's experience last summer? Why or why not? Why did the Company decide to leave the purchase quantity the same as last year, i.e.?
- b) What steps has or is the Company considering to reduce the cost of propane and CNG during the Summer 2022 period?
- c) What impact, if any, have sanctions on Russia and Europe's increasing focus on obtaining natural gas and propane had on Liberty-Keene's plans for the Summer 2022 COG?

RESPONSE:

- a) Schedule D depicts the inventory balances and activity of the existing propane tank facilities. The tanks are expected to be full at the start of each month, and at the end of each month. The Company cannot expedite purchases because the tanks are already at maximum levels.

For Winter 2022-23, the company plans to continue with the Commission-approved Propane Price Stabilization Program. The 700,000 gallons to be purchased before the 2022-23 winter season is consistent with last year. The Keene customer base has not seen large growth or declining demand; therefore, 700,000 gallons remains the appropriate volume to create a hedge against price volatility for next winter. The Company also allows Keene to share one-quarter of the Amherst propane storage facility, which is refilled at summer prices. These together create a hedge of over 60% of the total projected propane consumption for the following winter. Please refer to Bates 011 and 012.

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- b) The Company has price point options for CNG as part of the existing contract, which expires in July of 2023, which means the Company can select the point of CNG purchase to obtain the best pricing. The Company will exercise its judgment on which price point to purchase. This optionality has been favorable since the inception of the new contract as seen with the comparison cost of CNG over spot propane.

For propane, while typically the summer cost of propane is lower than the winter cost of propane, this year may present challenges as geopolitical events continue to affect domestic markets for both gas and propane. The company will seek the best price from local suppliers

- c) As stated above, geopolitical events continue to play a role in energy markets across the country. For Summer 2022, the Company will exercise price optionality for CNG purchases and seek the best price refill options for propane.