

# STATE OF NEW HAMPSHIRE

## Intra-Department Communication

**DATE:** March 11, 2024

**FROM:** Audit Staff, Division of Enforcement

**SUBJECT:** Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty-Keene Division  
DG 23-034, 202 Summer Cost of Gas Reconciliation  
**Final Audit Report CONFIDENTIAL**

**TO:** Thomas Frantz, Director, Regulatory, NH Department of Energy  
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### **Introduction**

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty - Keene Division, a public utility providing propane gas to customers in Keene, NH filed its summer cost of gas (COG) reconciliation for the period November 2022 – October 2023 in docket DG 23-034 on February 5, 2024. The summer cost of gas season is May through October 2023, but the Company included the November 2022-April summer cost of gas GL details for informational purposes. The Commission Order 26,807 issued April 25, 2023 approved the Keene summer 2023 cost of gas rate of \$1.4795 per therm with a maximum charge of up to 25% or 1.8493 per therm.

On September 27, 2023 DOE Gas Regulatory Staff filed a position statement with the PUC that noted the Company was proposing an 81.8% decrease in gas rates for October 1, 2023 compared to September 1, 2023. The position statement notes that the Company Regulatory group indicated the reason for the lowering of gas rates was due to an error. The error related to the beginning balance of the summer 2023 filing and was not detected until the proposed October 1, 2023 cost of gas billing rates was submitted. The Company Regulatory team indicated they were projecting an \$85,273 over collection if gas rates were not reduced. The DOE Regulatory Staff indicates in the position statement they will investigate the error further in the DG 23-084 winter 2023-2024 cost of gas filing. The position statement indicates DOE Regulatory Staff do not oppose the proposed October 1, 2023 cost of gas rates if they are consistent with the rates authorized in Order 26,807.

Audit appreciates the timely assistance of Alyssa Maston, Rates Analyst II, and Sue-Ellen Billeci, Senior Accountant at Liberty Utilities (New Hampshire).

### **Summary of DG 20-105 EnergyNorth Settlement Agreement Regarding Keene**

On 6/30/2021 The Company, Commission Staff, and the OCA filed a Settlement Agreement regarding the DG 20-105 EnergyNorth rate case. The Settlement Agreement authorizes the Company to recover one half of the prior period incremental costs of CNG, over a one-year period, for the summer or winter period beginning with the 2021-2022 winter cost of gas filing.

On 7/30/2021 the Commission Order #26,505 approved the Settlement Agreement filed with the Commission on 6/30/2021.

### **Incremental Gas Costs**

Appendix 4 in the Settlement Agreement, Bates Page 033, included the actual 2019 summer incremental gas costs that were a (\$2,524) customer refund. The summer 2020 incremental gas costs were a \$8,107 customer charge. The 2021 incremental summer gas costs were estimated because the Company did not yet have the actual costs when the Settlement Agreement was reached for March/April 2021. The Company provided to only Audit an updated appendix 4 for incremental gas costs incurred through summer 2022. The summer 2022 incremental gas costs were estimated to be a \$10,631 customer charge.

The chart below summarizes the incremental gas costs incurred through summer 2022 in the updated Appendix 4 provided to Audit.

CNG Increment Cost/Saving Risk Sharing - 50% Shareholder/Ratepayers						
Incremental CNG Supply Costs - October 2019 thru October 2022						
COG Period	Year	Incremental Cost/(Savings) Amount	Allowed Recoverable Amount from Customers due to Higher/(Lower) CNG vs Propane Costs	Incremental Costs Not Recoverable/Deferred	Incremental Costs not Recovered Balance	(Refund)/Charge
Summer (DG 20-105 Settlement Agreement)	2019	5,048	2,524	2,524	2,524	(2,524)
Summer (DG 20-105 Settlement Agreement)	2020	16,214	8,107	8,107	10,631	8,107
Summer (DG 21-050 Recon)	2021	(13,026)	(10,631)	(2,395)	(1,198)	10,631
Summer (DG 22-015 Forecast) -Note 1	2022	(11,641)	0	(11,641)	(7,018)	0

Section 7.1 of the approved DG 21-105 settlement agreement Bates page indicates the conditions for recovery of incremental gas costs are as follows:

*“Beginning November 1, 2021, the Company is authorized to recoup one half of the incrementally higher CNG supply costs relative to the propane supply cost going forward through the reconciliation process. If the CNG supply cost is lower than the propane supply cost, the Company shall recover and retain the full amount of incrementally lower CNG supply cost up to the amount of incrementally higher CNG costs accrued since the commencement of CNG service, which have not been recovered from customers, at which point the Company shall recover and retain one-half of the incrementally lower CNG*

REDACTED

*supply costs. The Company, per Appendix 5 of the Settlement Agreement, is required to submit a reconciliation in the summer and winter seasons comparing the CNG supply costs/savings”.*

The Company allocates 75% of the CNG demand costs to the winter season and 25% to the summer season, per the approved settlement agreement. This is discussed further in the review of the GL and individual invoices.

### **Reported Summary**

Below is a summary of the 2023 Summer Cost of Gas reconciliation as filed through the PUC’s e-filing system in DG 23-034 on 2/5/2024:

Beginning over-collection (Current Period)	\$ (27,118)	As of November 2022
Revenue	\$ (371,261)	
Total Costs	\$ [REDACTED]	
Accounting Adjustment	\$ 8,221	
Interest	\$ (\$899)	
Ending under-collection per filing	\$ 35,140	

### **November 1, 2022 Beginning Balances per the Filing and General Ledger**

The \$(27,118) November 1, 2022 over-collection beginning balance on the filing was verified to the prior period Summer 2022 cost of gas audit report GL ending balance before the \$12,511 2019-2022 summer incremental gas cost entries that were not done in October 2022. The summer cost of gas reconciliation in the past has covered the May-October period. The Company included the November 2022-April 2023 deferred interest, billed revenue from other periods, unbilled reversals, and monthly 25% CNG demand costs for the first time. When Audit asked the Company why they specifically made this change they stated, *“The Company elected to extend Schedule B by including the November 2022-April 2023, to report the actual CNG demand charges in the month they were booked to the general ledger. The Company incurs a single CNG demand charge every month attributable to both the summer and winter periods. 75% of the total CNG demand charge is allocated to the winter deferral and 25% to the summer deferral.”*

The Company provided October 2022-December 2022 GL screenshots of the 8843-2-0000-10-1920-1741 GP summer deferral account. The GP summer deferral account had an October 1, 2023 beginning balance of \$18,473 with no activity in November 2022 and December 2022 to end with a December 31, 2022 \$18,473 under collection. Audit had requested the actual over under account balances and activity for the SAP account 130800-11174002-10169 for October-December 2022 but were not provided by the Company. The Company solely provided the October 2022-December 2022 SAP account activity. Audit instead used the SAP GL detail from the DG 23-067 rate case audit. The October 2022-December 2022 GL summer deferral

account over under balances are different from the Company provided Roll Forward. **Audit Issue #1**

Keene Summer Deferral Acct	Beginnin g Month	Montly B. Bal per SAP	Monthly b. Bal. per Company	Difference	Ending Month	Montly E. Bal per SAP	Monthly E. Bal. per Company	Difference
130800-11174002- 10169	Oct-22	\$ -	\$ -	\$ -	10/31/2022	\$ 111,270	\$ 18,473	\$ 92,797
	Nov-22	\$ 111,270	\$ 18,473	\$ 92,797	11/30/2022	\$ 113,885	\$ 18,473	\$ 95,412
	Dec-22	\$ 113,885	\$ 18,473	\$ 95,412	12/31/2022	\$ 135,314	\$ 135,314	\$ -
	Jan-23	\$ 135,314	\$ 135,314	\$ -	1/31/2023	\$ (45,618)	\$ (45,618)	\$ -
	Feb-23	\$ (45,618)	\$ (45,618)	\$ -	2/28/2022	\$ (43,590)	\$ (43,590)	\$ -
	Mar-23	\$ (43,590)	\$ (43,590)	\$ -	3/31/3023	\$ (53,906)	\$ (53,906)	\$ -
	Apr-23	\$ (53,906)	\$ (53,906)	\$ -	4/30/2023	\$ (51,965)	\$ (51,965)	\$ -
	May-23	\$ (51,965)	\$ (51,965)	\$ -	5/31/2023	\$ (86,995)	\$ (86,995)	\$ -
	Jun-23	\$ (86,995)	\$ (86,995)	\$ -	6/30/2023	\$ (88,071)	\$ (88,071)	\$ -
	Jul-23	\$ (88,071)	\$ (88,071)	\$ -	7/31/2023	\$ (87,086)	\$ (87,086)	\$ -
	Aug-23	\$ (87,086)	\$ (87,086)	\$ -	8/31/2023	\$ (87,413)	\$ (87,413)	\$ -
	Sep-23	\$ (87,413)	\$ (87,413)	\$ -	9/30/2023	\$ (26,661)	\$ (26,661)	\$ -
	Oct-23	\$ (26,661)	\$ (26,661)	\$ -	10/31/2023	\$ 29,867	\$ 29,867	\$ -
				<b>\$ 188,209</b>				<b>\$188,209</b>

### **Revenue \$371,261**

The Commission Order 26,807 issued April 25, 2023 approved the Keene summer 2023 cost of gas rate of \$1.4795 per therm to be used with a maximum per therm charge of up to 25% or \$1.8493 per therm charge.

Audit reviewed the revenue for the period and the reported cost of gas rates for the non-fixed price option (non-FPO) for compliance with Order 26,807 in DG 23-034, issued on 4/25/2023. Specifically, the Non-FPO was initially set at \$1.4795. The maximum rate allowed was \$1.8943 per therm. The rates were the same for Commercial and Industrial, and Residential.

On September 27, 2023 the DOE Regulatory Attorney filed a letter that indicated the October 1, 2023 of \$0.2091 proposed per therm rate was an 81.5% reduction compared to the \$1.1464 September 1 rate that was not related to a drop in market rates. The letter indicates the Company's Regulatory Division indicated the matter related to an error in the summer 2023 beginning balance. The Company indicated they wanted to avoid an overcollection at the end of the October 2023, so a rate reduction was warranted. The letter indicates DOE did not object to the proposed rate and the error will be investigated in the winter 2023-2024 cost of gas filing. The Company response to DG 23-084 Keene 2023-2024 winter cost of gas DOE request 1-13 on October 8, 2023 summarizes the reason for the monthly rate reduction, *"There were two main drivers to the proposed rate change effective October 1, 2023. First, when Liberty submitted the Cost of Gas filing for rates effective May 1, 2023, the beginning balance was based on the Summer 2022 reconciliation, which included the net incremental cost adjustment and seasonal adjustments for revenues. These adjustments were originally booked to the deferral account in the wrong direction; therefore, the projected beginning balance and the actual deferral account beginning balance did not match. With the October trigger filing the Company noticed that the*

*beginning balance being used was not the actual deferral account beginning balance for May 1, 2023, and updated the beginning balance to match what the deferral account had shown as of May 1. In May, the company corrected the direction of the two adjustments, which were included in the October trigger filing. The second factor contributing to the October 1 rate change was that CNG and propane adjustments were made to bring the calculated costs in line with the amounts recorded in the deferral account.”* The following tariff pages were submitted for rate changes:

The following tariff pages were reviewed for the Non-fixed Price Option:

- 24th Revised Page 88 The Non-fixed Price Option was changed to \$1.4795 effective 5/1/2023.
- 25th Revised Page 88 The Non-fixed Price Option was changed to \$1.2439 effective 6/1/2023.
- 27th Revised Page 88 The Non-fixed Price Option was changed to \$1.2156 effective 7/1/2023.
- 28th revised Page 88 The Non-fixed Price Option was changed to \$1.0880 effective 8/1/2023.
- 30th revised Page 88 The Non-fixed Price Option was changed to \$1.1464 effective 9/1/2023.
- 31st revised Page 88 The Non-fixed Price Option was changed to \$0.2091 effective 10/1/2023.

The chart below summarizes the total gas revenue as they appear on the filing November 2022-October 2023:

Line Revenue Item	November 22	December 22	January 2023	February 2023	March 2023	April 2023
22 Billed FPO Sales (therms)	0	0	0	0	0	0
23 COG FPO Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24 FPO Revenues Total (line 23*line 24)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25 Billed Non-FPO Sales (therms) prior month	0	0	0	0	0	0
26 COG Non-FPO Rate prior month	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27 Prior Month Billed Revenues Total (line 25*line 26)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28 Billed Non-FPO Sales (therms) current Month	0	0	0	0	0	0
29 COG Non-FPO Rate current month	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30 Current Month Billed Revenues Total (line 28*line 29)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31 Billed Sales Other Prior Periods (Therms)	4,336	255	90,973	(4)	99	2
32 COG Other Prior Periods Blended rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33 Other Billed Revenues Totals (line 31*line 32)	\$ 8,351	\$ 494	\$ 176,401	\$ (9)	\$ 179	\$ 4
34 Total Sales Therms (line 27+line 30+line 33+line 36)	4,336	255	90,973	(4)	99	2
35 Total Billed Revenues (line 22+line 25,+line 28+line 31)	\$ 8,351	\$ 494	\$ 176,401	\$ (9)	\$ 179	\$ 4
36 Unbilled Revenues (NET)	\$ (156,861)	\$ -	\$ -	\$ -	\$ -	\$ -
37 Total Revenues (line 35+ line 36)	\$ (148,510)	\$ 494	\$ 176,401	\$ (9)	\$ 179	\$ 4

<u>Line</u>	<u>Revenue Item</u>	<u>May 2023</u>	<u>June 2023</u>	<u>July 2023</u>	<u>August 2023</u>	<u>September 2023</u>	<u>October 2023</u>	<u>Total</u>
22	Billed FPO Sales (therms)	0	0	0	0	0	0	0
23	COG FPO Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	FPO Revenues Total (line 23*line 24)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
								0
25	Billed Non-FPO Sales (therms) prior month	0	21,171	11,888	9,781	4,196	38,705	85,741
26	COG Non-FPO Rate prior month	\$ -	\$ 1.4795	\$ 1.2439	\$ 1.2156	\$ 1.0880	\$ 1.1464	6
27	Prior Month Billed Revenues Total (line 25*line 26)	\$ -	\$ 31,322	\$ 14,788	\$ 11,890	\$ 4,565	\$ 44,371	\$ 106,936
28	Billed Non-FPO Sales (therms) current Month	49,536	36,203	35,437	31,028	10,483	50,253	212,940
29	COG Non-FPO Rate current month	\$ 1.4795	\$ 1.2439	\$ 1.2156	\$ 1.0880	\$ 1.1464	\$ 0.2091	
30	Current Month Billed Revenues Total (line 28*line 29)	\$ 73,289	\$ 45,033	\$ 43,077	\$ 33,759	\$ 12,018	\$ 10,508	\$ 217,684
31	Billed Sales Other Prior Periods (Therms)	0	0	290	1,360	833	8,480	106,624
32	COG Other Prior Periods Blended rate	\$ -	\$ -	\$ 1.4795	\$ 1.3205	\$ 1.2157	\$ 1.0880	
33	Other Billed Revenues Totals (line 31*line 32)	\$ -	\$ -	\$ 429	\$ 1,795	\$ 1,013	\$ 9,201	\$197,857
34	Total Sales Therms (line 27+line 30+line 33+line 36)	49,536	57,374	47,616	42,169	15,512	97,438	\$ 405,305
35	Total Billed Revenues (line 22+line 25,+line 28+line 31)	\$ 73,289	\$ 76,355	\$ 58,294	\$ 47,444	\$ 17,596	\$ 64,080	\$ 522,477
36	Unbilled Revenues (NET)	\$ 29,747	\$ (14,196)	\$ (4,748)	\$ 4,763	\$ 28,815	\$ (38,738)	\$ (151,216)
37	Total Revenues (line 35+ line 36)	\$ 103,036	\$ 62,160	\$ 53,547	\$ 52,207	\$ 46,411	\$ 25,342	\$ 371,261

Summer deferral account summary activity

November 2022-April 2023 Gas Supply Collections	(\$182,220)
May 2023 seasonal reversal and correction	(\$3,199)
May-October 2023 Gas Supply Collections	(\$337,061)
Total Billed Revenue	( \$522,481)

May-October 2023 Unbilled Commodity Cost	(\$121,698)
May-October 2023 Unbilled Commodity Reversal	<u>\$116,053</u>
Total Unbilled Revenue	(\$5,645)
Total Revenue per summer deferral acct	(\$528,125)

Revenue Summary per Filing

April 2023 FPO Sales	\$0
Billed Non-FPO Sales Prior	\$106,936
Billed Non-FPO Current	\$217,684
Billed Sales Other	<u>\$197,857</u>
Total Revenue	\$522,477
Unbilled Revenue	<u>(\$151,216)</u>
	\$371,261

The November 2022-October 2023 total summer billed revenue of \$522,477 on line 35 of the filing was able to be verified to the SAP summer deferral account 130800-11174002-10169 balance of \$522,481 except for an immaterial \$4 rounding difference. Audit was able to verify the \$405,305 total billed therms on line 34 of the filing to the SAP billing reports.

The filing schedule on line 36 indicates the November 2022-October 2023 total unbilled revenue is \$(151,216). The November 2022-October 2023 total unbilled revenue per the SAP deferral account is (\$5,645). This is a (\$156,861) unbilled revenue from November 2022 that is

included on the filing. Audit reviewed the summer deferral account and there was not any unbilled revenue/reversal account activity for October 2022-December 2022. The Company indicated that the filing should have included the prior month reversal of the November 2022 unbilled revenue. **Audit Issue #2**

April 2023 FPO Sales Lines 22-24 \$0

This represents the winter 2022-2023 fixed price option. The account activity for these line items is associated with true up of different customers on different billing cycles from the winter period. There was no activity on this line item on the filing. In the summer season there is no fixed price option for residential customers.

Billed Non-FPO Sales Prior Month Lines 25-27 \$(106,936)

These line items represent the non-fixed price option billed in the prior month starting with November 2022. There were no costs for November 2022-April 2023. Audit verified the subsequent months May-October 2023 COG rate and therms used were calculated correctly.

Billed Non-FPO Sales Current Month Line 28-30 \$(217,684)

These line items represent the current month non-fixed price option therms and associated monthly cost of gas rate. There was no account activity for November 2022-April 2023. Audit verified the May-October 2023 monthly therm rate and total monthly therms were calculated correctly.

Billed Sales Other Periods Lines 31-33 \$(197,857)

These line items represent adjustments for billed sales during other COG periods. There were prior period adjustments starting in November 2022-April 2023. The Company on line 32 of filing schedule B did not include the cost of gas blended billing rate for November 2022-March 2023. The Company indicated line 32 was incorrectly hardcoded as \$0.0000 in the filing but specified this did not affect the accuracy of the rest of the filing because the total on line 33 was hardcoded correctly. The Company indicated the blended rates on line 32 of the filing should have been November 2022 \$1.9259 per therm, December 2022 \$1.9355 per therm, January 2023 \$1.9390 per therm, February 2023 \$2.1575 per therm, and March 2023 \$1.8074 per therm. The Company should have originally included these rates on line 32 of the filing. **Audit Issue#3**

The remaining July-October 2023 adjustments represent the adjustments from May 2023-August 2023. The net November 2022-May 2023 adjustments were a credit of \$(197,857).

Total Sales Line 34 - 405,305 Therms

This line item represents the November 2022-October 2023 total therms used. The Company in the past has used the May-October time frame for total therms. Audit verified the 405,305 therms for November 2022-October 2023 was calculated correctly on line 34.

Total Billed Revenues Line 35 \$522,477

This line represents the \$522,477 November 2022-October 2023 total billed revenue. Audit was able to verify the monthly billed revenue to the SAP revenue GL accounts for November 2022-April 2023. Audit was able to verify the November 2022 to October 2023 billed revenues to the SAP summer deferral account 130800-11174002-10169.

SAP	Account Name	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
410200-11480000-10169	Residential	\$ 5,280	\$ 373	\$ 30,281	\$ (12)	\$ 179	\$ 4
410210-11481000-10169	Commercial and Industrial	\$ 3,071	\$ 121	\$ 146,120	\$ 3	\$ -	\$ -
	Total	\$ 8,351	\$ 494	\$ 176,401	\$ (9)	\$ 179	\$ 4

SAP	Account Name	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Total
410200-11480000-10169	Residential	\$ 13,585	\$ 11,481	\$ 8,838	\$ 6,647	\$ 6,620	\$ 4,868	\$ 88,144
410210-11481000-10169	Commercial and Industrial	\$ 59,704	\$ 64,874	\$ 49,456	\$ 40,797	\$ 10,976	\$ 59,212	\$ 434,334
	Total	\$ 73,289	\$ 76,355	\$ 58,294	\$ 47,444	\$ 17,596	\$ 64,080	\$ 522,477

Unbilled Revenue Line 36 \$(151,216)

This line represents the November 2022-October 2023 total unbilled revenue, and is the net of the following:

November 2022 Unbilled Revenue	(\$156,861) per filing schedule B
May-October 2023 Unbilled Commodity Cost	(\$121,698) per filing and def GL
May-October 2023 Unbilled Commodity Reversal	\$116,053 per filing and def GL
	\$(151,216)

The Company indicated to Audit that in October 2022 there should have been an unbilled revenue reversal of \$156,861 included on the filing to net to zero. Audit reviewed the SAP 11174002 Regulatory GL account and there was not any activity for unbilled revenue/reversal in October 2022-December 2022 in the SAP summer cost of gas 11174002 Regulatory Deferral account. The (\$156,861) October 2022 unbilled revenue entry was booked to the 130800-11186000-10169 CRA Fuel and Commodity Costs and the reversal to the same account in November 2022. The Company should perform the unbilled revenue adjusting entries for October 2022-December 2022 as needed in the summer deferral account. The Company should make adjustments to the filing schedule to reflect the correct (\$5,645) November 22-October 2023 Unbilled Revenue costs on the GL. **Audit Issue #2**



REDACTED

Total Revenue Line 37 \$(371,261)

This line represents the total unbilled revenue and total billed revenue totals from November 2022-October 2023 which were verified to SAP Billing System Reports that were provided by the Company. See the unbilled revenue section line above on line 36 regarding unbilled revenue audit issue.

Total Gas Costs [REDACTED]

The Chart below summarizes the total gas costs as they appear on the filing:

<u>Category</u>	<u>Cost</u>	<u>Filing Location</u>
Total Propane sendout 5/1/2023 through 10/31/2023	[REDACTED]	Lines 1-5
Propane Cost Adjustments	\$1	Line 6
<b>Total Propane Costs</b>	[REDACTED]	<b>Line 7</b>
 Total CNG sendout 5/1/2023 through 10/31/2023	 [REDACTED]	 Lines 8-12
CNG Demand Charges	[REDACTED]	Line 13
Projected Incremental Gas Costs summer 2022	[REDACTED]	Lines 14 and 15
CNG Adjustments	\$0	Line 16
<b>Total CNG Costs</b>	[REDACTED]	<b>Line 17</b>
Accounting Adjustments	\$0	Line 18
FPO Premium	\$0	Line 19
<b>Total Cost of Gas</b>	[REDACTED]	<b>Line 20</b>
Return on Inventory	\$0	Line 21

**Note:** Lines 19 and 21 do not have any charges as the FPO premium and Return on Inventory relate to the winter season.

As noted in the reconciliation of the DG 23-034 filing, the following costs for therms sold and associated dollar amount per therm sendout were identified in the filing. The calculation on the chart seen below was derived from lines 1-5 of the filing. The total cost per therm sendout is derived by calculating the monthly therm sendout by the cost per therm. Audit also verified this to the monthly deferral account master file inventory reconciliation accounts 130800-11174002-10169 summer gas cost deferral, 521020-111804000-10169 Natural Gas City Gate Purchases, 521020-111804001 Natural Gas City Gate Purchases General, 521020-111804100-10169 LNG Gas Purchases, 521030-111804101-10169 Transportation, and 521040-111804000-10169 Gas Withdrawn From Storage.

The chart below represents May 2023-October 2023 Total Propane Sendout Costs, Lines 1-5, summing to [REDACTED]:

REDACTED

	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Total</u>
Cost Per therm	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	
Firm Sendout	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Company Use	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total Therms	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total costs	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Propane Cost Adjustments Line 6, \$1

This line represents May-October 2023 monthly propane cost adjustments. There was a net \$1 in May-October 2023 summer adjustments. The adjustments took place in June 2023, August 2023, and September 2023.

Total Cost of Propane Line 7 [REDACTED]

This line item represents the rounded total [REDACTED] cost of propane for the summer 2023 season. The total is different by \$1 that is due to summer 2023 propane cost adjustments.

CNG Commodity Costs- Lines 8-12 [REDACTED]

These line items represent the net [REDACTED] May-October 2023 weighted average cost of CNG commodity charges. Lines 8-10 represent the total [REDACTED] CNG send out therms that were used during the 2023 summer season.

Lines 11 and 12 of the filing represent the weighted average cost per therm for CNG and the total weighted average cost of CNG for May-October 2023. The calculated weighted average cost of CNG for summer 2023 is [REDACTED] per the filing.

The chart below represents the correct weighted average total cost of CNG per the e-filing spreadsheet:

REDACTED

	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Total</u>
Cost Per therm	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	
Firm Sendout	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Company Use	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total Therms	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total costs	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

CNG Demand Charges Line 13, [REDACTED]

These charges represent the fixed monthly [REDACTED] CNG Demand charges with Xpress Natural Gas, per the [REDACTED] annual demand charges contract the Company has with Xpress Natural Gas. The current contract was signed on July 1, 2021. The demand costs are allocated 75% to the winter season and 25% to the summer season. The 75% percent allocation represents the November 2022- April 2023 [REDACTED] winter monthly allocation. This means the winter season is allocated [REDACTED] in demand costs for a yearly period and the summer season is allocated [REDACTED] in a yearly period. The May-October 2023 summer allocation is [REDACTED]. The DG 20-105 Settlement Agreement indicates going forward for the Company is to allocate 75% to the winter season and 25% to the summer season. Audit reviewed the contract and invoices that are discussed later in this Audit Report in the invoice review section.

Projected Incremental Costs Summer 2022 Net Incremental Costs line 14 and 15 [REDACTED]

These line items represent the summer 2023 incremental gas costs that indicate CNG was incrementally lower than propane supply. The Company indicated they sought to recover [REDACTED] in summer 2023 incremental gas costs because that is the previous amount that had not been recovered in compliance with Commission Order 26,630. The Company indicated they track the cumulative incremental gas costs on filing schedule N of the annual summer cost of gas filing. Schedule N is not part of the PDF summer 2023 cost of gas reconciliation. Schedule O of the reconciliation filing breaks out the summer 2023 incremental gas savings of CNG vs the spot propane market which is [REDACTED]. This filing indicates that CNG was cheaper than propane and the Company is authorized to collect the full amount from customers up to the amount previously deferred. The Company indicated to Audit on the bottom of the schedule they should not have divided by 50% and reduce the figure to [REDACTED] but instead should leave the [REDACTED] amount. The Company indicated the error was a typo. **Audit Issue #4**

The Company on the filing made a typo by including projected summer 2022 incremental gas costs that should be the summer 2023 incremental gas costs. Line 15 Net Incremental Gas costs was unnecessary as there was only one line on the filing for incremental gas costs. **Audit Issue #4**

REDACTED

The Company did not perform the [REDACTED] summer 2023 incremental gas cost entry until February 2024. Audit was able to verify the entry was done correctly. The Company debited the summer deferral account 130800-11174002-10169 for [REDACTED] and credited the City Gate Purchases account 521040-111804000-10169 for the same amount.

CNG Adjustments Line 16 (\$0)

The line represents adjustments to the cost of CNG such as adjustments to actual amounts booked monthly vs. the estimated costs booked for CNG purchases that was zero during summer 2023. The filing indicates summer 2023 CNG gas costs are [REDACTED] while the GL deferral account activity indicated there was [REDACTED] in costs. The [REDACTED] is the difference between the accruals and actual amount which should have been broken out on this line of the filing. **Audit Issue #5**

Total CNG Costs Line 17, [REDACTED]

This line represents the total [REDACTED] total calculated cost of CNG for May-October 2023.

Accounting Adjustment Line 18 \$0

This line item represent cost adjustments to CNG and Propane Gas Costs during May-October 2023 which was zero.

FPO Premium Line 19 \$0

There is no fixed price premium is the summer 2023 season as the fixed price option is available only in the winter season.

Total Gas Costs Line 20 [REDACTED]

This line item represents the total amount spent on CNG and Propane during the summer 2023 season that was [REDACTED].

Return on Inventory Line 21 \$0

This line item is zero as the charge only occurs in the winter season.

REDACTED

Filing, Summer Deferral GL account and expense accounts

Filing Line	Expense Name	Filing	GL Activity	Variance	Variance Reason
Line 7	Propane Cost	\$ [REDACTED]	\$ [REDACTED]	\$ (53)	Rounding diff. between
Line 12	CNG Costs	\$ [REDACTED]	\$ [REDACTED]	\$ 2,644	Accruals and Actuals
Line 13	CNG Demand	\$ [REDACTED]	\$ [REDACTED]	\$ (0)	\$ -
Line 15	CNG Incremental	\$ [REDACTED]	\$ [REDACTED]	\$ -	Entry done in February 2024
Line 17	CNG Gas Costs	\$ [REDACTED]	\$ [REDACTED]	\$ 2,644	
Line 20	Total Gas Costs	\$ [REDACTED]	\$ [REDACTED]	\$ 2,590	

Audit reviewed the [REDACTED] summer 2023 gas costs on the filing schedule and [REDACTED] gas costs booked to the summer deferral account 130800-11174002-10169. There was a net \$2,590 difference between the summer deferral account and the filing that is summarized in the chart above. There was a (\$53) immaterial rounding difference for propane costs, the Company did not perform the [REDACTED] summer 2023 incremental gas cost adjusting entry until February 2024. The filing indicated summer 2023 CNG gas costs were [REDACTED] while deferral account indicated they were [REDACTED]. The \$2,644 was because of the difference between the accruals and actual CNG gas costs. The [REDACTED] in CNG gas costs represents the entire gas costs for the year November 2022-October 2023. The entire CNG demand contract is [REDACTED] with the summer season allocated 25% [REDACTED] and winter season 75% [REDACTED].

GL Acct	Account Name	23-May	23-Jun	23-Jul	23-Aug	23-Sep	23-Oct	Total
521020-111804000-10169	Natural Gas City Gate Purchases	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
521020-111804001-10169	Natural Gas Purchases General	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
521030-111804100-10169	LNG Gas Purchases	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
521030-111804101-10169	Demand Charges-Transportation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
521180-111808100-10169	Gas Withdrawn from Storage	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	<b>Total</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
521040-111804000-10169	Natural Gas Deferral Account	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	<b>Total</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Total summer 2023 gas costs per 804 and 808 GL accounts							\$ [REDACTED]
	Less: May-October 2023 75% winter allocation deducted acct 521030-111804101-10169							\$ [REDACTED]
	November 2022-April 2023 25% summer CNG costs							\$ [REDACTED]
	summer 2023 incremental gas cost entry done in February 2024							\$ [REDACTED]
	Gas Cost Accruals							\$ [REDACTED]
	Seasonal Gas Cost Reclass							\$ [REDACTED]
	Total summer 2023 gas costs per GL and Filing							\$ [REDACTED]

Audit reviewed the May-October 2023 804 and 808 expense accounts that summed to [REDACTED]. There were additional adjustments to verify the [REDACTED] Gas Costs claimed on filing schedule line 20. The were adjustments of [REDACTED] May-October 2023 75% winter demand costs deduction, [REDACTED] in November 2022-May 2023 25% summer CNG demand gas costs, and the [REDACTED] summer 2023 incremental gas costs entry done in February 2024. The remaining \$9,308 is the result of two amounts. The first [REDACTED] amount is the difference between what was

REDACTED

booked for CNG charges and what was estimated. The accrual amount was for the filing rather than the actual expense. The second [REDACTED] amount is the offset of a seasonal reclass adjustment between CNG charges in May 2023 with the correcting entry done in September 2023.

*“ This amount was reflected on the roll forward under the [REDACTED] seasonal adjustment, only [REDACTED] is direct to propane costs and were not recorded in previous months. The [REDACTED] is not a seasonal change, rather it is a correction for expenses missed in May and recorded September. The [REDACTED] is a seasonal reclass between CNG charges in May. The net change between the accrued invoice, actual invoice and reversal of prior month accrual should have been recorded differently due to May being a shoulder month. [REDACTED] was related to summer and [REDACTED] was related to winter.”*

GL account	Account Name	Explanation	Debit	Credit
521040-11804000-10169	Purchased Gas Costs	Reverse May 23 summer propane	\$ 35,986	
130800-11174002-10169	Summer Deferral Acct	Reverse May 23 summer propane		\$ 35,986
130800-11174002-10169	Summer Deferral Acct	Revised May 23 Propane	\$ 78,979	
521040-11804000-10169	Purchased Gas Costs	Revised May 23 Propane		\$ 78,979
130800-11174002-10169	Summer Deferral Acct	Summer 23 CNG usage	\$ [REDACTED]	
130800-11174002-10169	Summer Deferral Acct	Summer 23 CNG usage		\$ [REDACTED]
130800-11174001-10169	Winter Deferral Acct	Winter CNG usage		\$ [REDACTED]

### Bidding for Propane and CNG

The Company received informal quotes on the spot market for propane for the 2023 summer season. NGL Supply was chosen for routine delivery of propane, as they were noted by the Company to provide safe, reliable, service and were the lowest cost provider and have been used in the past. The Company refilled the Amherst propane storage facility. The propane is purchased for injection into storage, which is used for winter supply. The Amherst Storage tank is cheaper to fill during the summer months. Summer is the least expensive time to purchase propane. Patriot Gas was selected as the least cost supplier to fill the storage tank for the winter season.

### Gas Supply Invoices

#### Propane

Audit reviewed a list of deliveries and chose a selection spanning each month in the period. Liberty Keene has used NGL Supply Wholesale, LLC for the past several years for

REDACTED

Propane. The Company purchases on the spot market. Audit selected a sample of actual expenses for review. Below is a summary of that review:

<u>Month</u>	<u>Vendor</u>	<u>Invoice #</u>	<u>Gallons</u>	<u>Amount</u>
May-23	NGL	23122974a	██████	\$ ██████
Jun-23	NGL	23144213A	██████	\$ ██████
Jul-23	NGL	23196263A	██████	\$ ██████
Aug-23	NGL	23210578A	██████	\$ ██████
Sep-23	NGL	23223204A	██████	\$ ██████
Sep-23	NGL	23245544A	██████	\$ ██████
Oct-23	NGL	23252734A	██████	\$ ██████
Total				\$ ██████

- 5/5/2023 ██████ was verified to an invoice from NGL Supply Wholesale, LLC reflecting the Enterprise, Selkirk, NY terminal to New Hampshire at the rack price of ██████ for propane plus the PERC charge of ██████ per gallon. Audit recalculated the invoice without exception.
- 6/3/2023 ██████ was verified to an invoice from NGL Supply Wholesale, LLC reflecting the Enterprise, Selkirk, NY terminal to New Hampshire at the rack price of ██████ for propane plus the PERC charge of ██████ per gallon. Audit recalculated the invoice without exception.
- 7/20/2023 ██████ was verified to an invoice from NGL Supply Wholesale, LLC reflecting the Enterprise, Selkirk, NY terminal to New Hampshire at the rack price of ██████ for propane plus the PERC charge of ██████ per gallon. Audit recalculated the invoice without exception.
- 8/4/2023 ██████ was verified to an invoice from NGL Supply Wholesale, LLC reflecting the Enterprise, Selkirk, NY terminal to New Hampshire at the rack price of ██████ for propane plus the PERC charge of ██████ per gallon. Audit recalculated the invoice without exception.
- 9/1/2023 ██████ was verified to an invoice from NGL Supply Wholesale, LLC reflecting the Enterprise, Selkirk, NY terminal to New Hampshire at the rack price of ██████ for propane plus the PERC charge of ██████ per gallon. Audit recalculated the invoice without exception.
- 9/29/2023 ██████ was verified to an invoice from NGL Supply Wholesale, LLC reflecting the Enterprise, Selkirk, NY terminal to New Hampshire at the rack price of ██████ for propane plus the PERC charge of ██████ per gallon. Audit recalculated the invoice without exception.

REDACTED

- 10/6/2023 [REDACTED] was verified to an invoice from NGL Supply Wholesale, LLC reflecting the Enterprise, Selkirk, NY terminal to New Hampshire at the rack price of [REDACTED] for propane plus the PERC charge of [REDACTED] per gallon. Audit recalculated the invoice without exception.

### Compressed Natural Gas

On June 2, 2021 the Company signed a new Master Agreement with Xpress Natural Gas (XNG) that is effective July 1, 2021 for three years through July 1, 2024. Xpress Natural Gas is the current vendor for CNG. The contract indicates there are options for additional one year renewal terms on the same terms and conditions, unless terminated by either party on written notice delivered not less than 6 months prior to the expiration of the then-current delivery period. The new contract includes an annual demand charge of [REDACTED] or [REDACTED] per month over a 12-month period. The CNG commodity charges are calculated using the [REDACTED] price multiplied by volume. The updated contract indicates is a fixed [REDACTED] service adder multiplied by volume, and finally a [REDACTED] monthly fixed marketers' charge times the volume.

The invoice chart below summarizes the CNG Commodity, marketers, and service adder fees invoice details as well as a separate line for the monthly CNG demand charges.

Month	Supplier	MMBTU Quantity	Commodity Price	Marketers	Service	Invoice Total w/o Demand Costs	Monthly Demand Charge	Invoice Total
May-23	Xpress	[REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Jun-23	Xpress	[REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Jul-23	Xpress	[REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Aug-23	Xpress	[REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Sep-23	Xpress	[REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Oct-23	Xpress	[REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
						\$ [REDACTED]		\$ [REDACTED]

The figures below represent the marketers and service adder charges as they appeared on the invoices.

### Marketers' Charges

- May 2023 [REDACTED]
- June 2023 [REDACTED]
- July 2023 [REDACTED]
- August 2023 [REDACTED]
- September 2023 [REDACTED]
- October 2023 [REDACTED]
- Total [REDACTED]



REDACTED

Service Adder Charges

• May 2023	
• June 2023	
• July 2023	
• August 2023	
• September 2023	
• October 2023	
Total	

Interest (\$899)

The originally reported interest expense of (\$899) was reviewed by Audit for November 2022-October 2023. The monthly figures represent the calculation of the average monthly General Ledger balance \* interest rate divided by twelve. The calculated monthly figure is then rolled into the beginning balance for the next month. Keene provided supporting documentation for May 2023-October 2023 which was verified to the summer deferral account. For November 2022-April 2023 Audit used the monthly interest booked to the GL. The Company used the monthly Federal Reserve Statistical Release of Selected Interest Rates to reflect the interest rate. There is a (\$1,372) difference between the filing and summer deferral account that is the result of timing because the filing and GL had different over under running balances. **Audit Issue #6**

Month	Interest Rate	# Days	Interest	Filing	Difference
Nov-22	5.50%	30	\$ 270	\$ 270	\$ -
Dec-22	5.50%	31	\$ 793	\$ 793	\$ -
Jan-23	5.50%	31	\$ 285	\$ 285	\$ -
Feb-23	7.00%	28	\$ (264)	\$ (264)	\$ -
Mar-23	7.00%	31	\$ (320)	\$ (330)	\$ 10
Apr-23	7.00%	30	\$ (347)	\$ (368)	\$ 21
May-23	8.00%	31	\$ (470)	\$ (313)	\$ (157)
Jun-23	8.25%	30	\$ (592)	\$ (254)	\$ (338)
Jul-23	8.25%	31	\$ (612)	\$ (260)	\$ (352)
Aug-23	8.50%	31	\$ (628)	\$ (263)	\$ (365)
Sep-23	8.50%	30	\$ (397)	\$ (215)	\$ (182)
Oct-23	8.50%	31	\$ 12	\$ 21	\$ (9)
			<u>\$ (2,270)</u>	<u>\$ (898)</u>	<u>\$ (1,372)</u>

Accounting Adjustment

On Line 40 of the filing there is a net \$8,221 accounting adjustment that consists of a (\$13,708) March 2023 2019-2022 summer incremental gas costs adjusting entry, a \$27,416 May

REDACTED

2023 entry reversing and correcting the March 2023 entry, and an October 2023 winter 2022-2023 incremental gas costs entry of (\$4,802) that was reversed and corrected to be (\$5,487) as identified in audit issue number 5 of the 2022-2023 winter cost of gas audit report.

Audit reviewed the March 2023 entry that debited the City Gate Gas Purchases account 521040-111804000-1069 for \$13,708 and credited the summer deferral account 130800-11174002-10169 for the same amount.

Audit reviewed the May 2023 reversal and correcting entries of the (\$13,708) March 2023 incremental gas cost entry. On the reversing entry the Company debited the summer deferral account 130800-11174002-10169 for \$13,750 and credited the City Gate Gas Purchases account 521040-111804000-1069 for the same amount. Audit verified the correcting entry. The Company debited the summer deferral account 130800-11174002-10169 for \$13,708 and credited the City Gate Gas Purchases account 521040-111804000-10169 for the same amount.

Audit reviewed the original October 2023 \$4,802 winter 2022-2023 incremental gas costs entry that was booked incorrectly. The Company debited the City Gate Gas Purchases account 521040-111804000-10169 for \$4,802 and crediting the summer deferral account 130800-11174002-10169 for the same amount. Audit verified the revering entry was done correctly. The Company debited the summer deferral account 130800-11174002-10169 for \$4,802 and credited the City Gate Gas Purchases account 521040-111804000-10169 for the same amount. For the (\$5,487) correcting entry the Company debited the City Gate Gas Purchases account 521040-111804000-10169 for \$5,487 and credited the summer deferral account 130800-11174002-10169 for the same amount.

The Company provided the net [REDACTED] summer 2023 incremental gas cos adjusting entry in February 2024 when it should have been completed by the end of October 2023 as well as the adjusting entries that the Company had to make that are described above that should have been booked correctly in the first place. **Audit Issue #4**

### **General Ledger**

Audit reviewed the November 2022-October 2023 Summer Cost of Gas general ledger SAP summer deferral account 130800-11174002-10169 to the filing schedule B. The summer season is May 2023-October 2023. Audit was provided with screenshots of the legacy Great Plains summer deferral account monthly over under balances that was no longer used by the Company as of September 30, 2022. The GP legacy summer deferral indicates the October 1, 2022 beginning balance is \$18,473 with no activity in October 2022-December 2022 to end 2022 with the same \$18,473 account balance.

Audit reviewed the 130800-11174002-10169 SAP Summer Deferral account October 2022-December 2022 over under account balances from the DG 23-067 2022 EnergyNorth rate case audit as the Company did not provide the actual October 2022-December 2022 over under balances to Audit in the GL account. The Company provided the over under account balances

for the SAP deferral account for 2023. The October 2022-December 2022 over under activity is different than the filing schedule B. The 2023 over under account balances were able to be verified for the January 2023-October 2023 period to a Roll Forward provided by the Company. The Summer Deferral account and roll forward indicate the October 31, 2023 ending balance is \$29,867 while the filing has a \$35,140 balance. This is a (\$5,273) difference that is seasonal adjustments and timing of accruals/adjustments. Audit was able to verify the SAP deferral account monthly activity for November 22-October 2023 to the Roll Forward \$29,867 under collection ending balance. Audit notes for October 2022 (\$156,861) and November 2022 the \$156,861 reversal were booked to the 130800-11186000-10169 account rather than the summer deferral account. **Audit Issue #1**

Keene Summer Deferral Acct	Beginnin g Month	Montly B. Bal per SAP	Monthly b. Bal. per Company	Difference	Ending Month	Montly E. Bal per SAP	Monthly E. Bal. per Company	Difference	
130800-11174002- 10169	Oct-22	\$ -	\$ -	\$ -	10/31/2022	\$ 111,270	\$ 18,473	\$ 92,797	
	Nov-22	\$ 111,270	\$ 18,473	\$ 92,797	11/30/2022	\$ 113,885	\$ 18,473	\$ 95,412	
	Dec-22	\$ 113,885	\$ 18,473	\$ 95,412	12/31/2022	\$ 135,314	\$ 135,314	\$ -	
	Jan-23	\$ 135,314	\$ 135,314	\$ -	1/31/2023	\$ (45,618)	\$ (45,618)	\$ -	
	Feb-23	\$ (45,618)	\$ (45,618)	\$ -	2/28/2022	\$ (43,590)	\$ (43,590)	\$ -	
	Mar-23	\$ (43,590)	\$ (43,590)	\$ -	3/31/3023	\$ (53,906)	\$ (53,906)	\$ -	
	Apr-23	\$ (53,906)	\$ (53,906)	\$ -	4/30/2023	\$ (51,965)	\$ (51,965)	\$ -	
	May-23	\$ (51,965)	\$ (51,965)	\$ -	5/31/2023	\$ (86,995)	\$ (86,995)	\$ -	
	Jun-23	\$ (86,995)	\$ (86,995)	\$ -	6/30/2023	\$ (88,071)	\$ (88,071)	\$ -	
	Jul-23	\$ (88,071)	\$ (88,071)	\$ -	7/31/2023	\$ (87,086)	\$ (87,086)	\$ -	
	Aug-23	\$ (87,086)	\$ (87,086)	\$ -	8/31/2023	\$ (87,413)	\$ (87,413)	\$ -	
	Sep-23	\$ (87,413)	\$ (87,413)	\$ -	9/30/2023	\$ (26,661)	\$ (26,661)	\$ -	
	Oct-23	\$ (26,661)	\$ (26,661)	\$ -	10/31/2023	\$ 29,867	\$ 29,867	\$ -	
				\$ 188,209					\$188,209

REDACTED

<b>Summary of 130800-11174002-10169 RollForward and Filing</b>		<b>Per Audit</b>	
11/1/2022 B. Balance per Summary GL Note: The deferral over under balances for SAP were different than the filing and Roll forward for October 2022-December 2022	\$	(27,118)	\$ 111,270
GP 9/30/2022 bg. Bal entry December 2022	\$	-	\$ 18,473
Nov 22-December 22 Interest, CNG Demand Charges, and CNG Usage Charges			\$ [REDACTED]
<b>November 1, 2022 Beg. Balance per Filing</b>	<b>\$</b>	<b>(27,118)</b>	
January 1, 2023 Beginning Balance Per Audit Note: The January-October 2023 over under deferral account balances are verified to what was provided to Audit by Company			<b>\$ 135,314</b>
May-Oct 2023 Propane Deferral Costs	\$	[REDACTED]	\$ [REDACTED]
Less: November 2022 Propane Costs			\$ (53)
Total Cost of Propane	\$	[REDACTED]	\$ [REDACTED]
November 22-October 2023 CNG Demand Costs	\$	[REDACTED]	\$ [REDACTED]
May-October 2023 Incremental Gas Costs	\$	[REDACTED]	\$ [REDACTED]
May-October 2023 CNG Deferral Costs	\$	[REDACTED]	\$ [REDACTED]
Total CNG Gas Costs Summer-2023	\$	[REDACTED]	\$ [REDACTED]
Total Gas Costs	\$	423,554	\$ 423,554
Deferral Recon and Filing Accrual Timing Diff	\$	2,644	\$ 2,644
Total Gas Costs Per Filing	\$	[REDACTED]	\$ [REDACTED]
Nov. 22-Oct. 23 Summer Gas Supply Collections	\$	(522,477)	\$ (522,480)
November 2022 Unbilled Revenue Reversal	\$	156,861	\$ -
May 2023-October 2023 Unbilled Revenue	\$	(5,645)	\$ (5,645)
Total Nov. 2022-October 2023 Summer Billed Revenue	\$	(371,261)	\$ (528,125)
November 2022-October 2023 Interest Difference because of timing with Different Over Under Balances Oct. 22-Dec. 22	\$	(899)	\$ (2,270)
Summer 2019-2022 and Winter 2022-2023 Incremental Gas Cost Adjusting Entries	\$	8,221	\$ 8,221
October 30,2023 Ending Balance Per Filing Sch. B	\$	35,140	\$ -
January-October 30, 2023 account net SAP account activity			<b>\$ (105,446)</b>
Deferral Recon and Filing Accrual Timing Diff	\$	(5,273)	\$ -
October 30,2023 Ending Balance Per SAP and Roll Forward			
Note: Audit was able to verify the Rollforward and SAP ending balance with the net November 22-October 23 account activity.	\$	29,867	\$ 29,867

Per SAP Deferral

Audit verified the cost of gas activity to the following SAP cost of gas accounts for summer 2023.

521020-111804000-10169 Natural Gas City Gate Purchases  
521020-111804001-10169 Natural Gas Purchases General  
521030-111804100-10169 LNG Gas Purchases  
521030-111804101-10169 Natural Gas Demand Charges-Transportation  
521180-111808100-10169 Gas Withdrawn From Storage  
210720-111242000-10169 Gas/Power Purchases Accruals

REDACTED

410200-111408000-10169 Residential Gas Customers Gas Sales  
410210-111481000-10169 Commercial and Gas Customers Gas Sales

Accruals which post at the end of a month to the 804000 and 804001 City Gate accounts, Purchases, are offset to the 210720-111242000-10169 Gas/Power Purchases Accruals, Accruals, then auto reversed on the first day of the subsequent month.

### Summary

Beginning (Over)/Under Collection 11/1/2022	\$	(27,118)
Revenue 11/2022-4/2023	\$	-
Revenue 5/23-10/23	\$	(522,477)
Unbilled Revenue 11/2022-4/2023	\$	151,216
Interest 11/2022-10/2023	\$	(899)
Total Propane Costs	\$	
Total CNG Costs	\$	
Incremental Gas Cost Accounting Adjustment	\$	8,221
Total Over-Collection Per Filing	\$	35,140
SAP and Rollforward Accrual and Payment Timing Difference	\$	(5,273)
10/23 Ending Balance Per SAP and Roll Forward	\$	<u><u>29,867</u></u>

Based on a review of all supporting schedules, invoices, revenue details, and adjusting entries, Audit does not agree with the Company that the ending balance on the filing should be an October 30, 2023 \$35,140 under-collection. The Company provided Roll Forward and SAP Summer deferral details, both indicate the October 31, 2023 ending balance is \$29,867 under-collection. The Company will need to make adjustments regarding the difference.

There are a total of six audit issues.

**Audit Issue # 1** the Company going forward should more accurately book costs in the summer deferral account so the over under balances in the account are the same and able to be verified to the filing.

The Company in **Audit Issue #2** needs to make any needed unbilled revenue adjustments to the filing as the summer 2023 deferral account summed to (\$5,645) while the filing summed to (\$151,216) that resulted in a (\$156,861) difference. The October and November 2022 unbilled revenue/reversals were booked to the 130800-1186000-10169 account rather than the summer deferral account.

The Company in **Audit Issue #3** needs to include the Other Prior Periods Blended Cost of Gas billing rate, so they are reflected accurately rather than with a zero on line 32 of the filing. The Company should not have to have a large \$176,401 Other Prior Periods Billing adjustment in January 2023 that is out the core May-October cost of gas period.

REDACTED

The Company in **Audit Issue #4** should have booked the [REDACTED] summer 2023 incremental gas costs in a timelier manner rather than February 2024. The Company made an \$8,221 accounting adjustment to rebook prior period incremental gas costs because they were booked incorrectly. The Company needs to correct incremental gas cost typos on filing schedule B and N.

The Company in **Audit Issue #5** should make adjustments to filing schedule B line 16 to accurately reflect the \$2,644 accrual and actuals payments timing difference of CNG accounting adjustments.

The Company in **Audit Issue #6** should make any needed adjustments to the (\$1,372) in interest costs between the filing and summer deferral account.

## **Audit Issue #1**

### **Summer Deferral Account (Over) Under Account Balance**

#### **Background**

The Company transitioned to the SAP general ledger and revenue billing system in October 2022. The Company during October 2022-December 2022 had different over under account running balances in the SAP summer deferral account 130800-11174002-10169 compared to the filing.

#### **Issue**

Audit reviewed the November 2022-October 2023 Summer Cost of Gas general ledger SAP summer deferral account 130800-11174002-10169 to the filing schedule B. The summer season is May 2023-October 2023. Audit was provided with screenshots of the legacy Great Plains summer deferral account monthly over under balances that was no longer used by the Company as of September 30, 2022. The GP legacy summer deferral indicates the October 1, 2022 beginning balance is \$18,473 with no activity in October 2022-December 2022 to end 2022 with the same \$18,473 account balance.

Audit reviewed the 130800-11174002-10169 SAP Summer Deferral account October 2022-December 2022 over under account balances from the DG 23-067 2022 EnergyNorth rate case audit as the Company did not provide the actual SAP October 2022-December 2022 over under balances to Audit in the GL account. The Company provided the over under account balances for the SAP deferral account for 2023. The October 2022-December 2022 over under activity is different than the filing schedule B. The 2023 over under account balances were able to be verified for the January 2023-October 2023 period to a Roll Forward provided by the Company. The Summer Deferral account and roll forward indicate the October 31, 2023 ending balance is \$29,867 while the filing has a \$35,140 balance. This is a (\$5,273) difference that is seasonal adjustments and timing of accruals/adjustments. Audit was able to verify the SAP deferral account monthly activity for November 22-October 2023 to the Roll Forward \$29,867 under collection ending balance. Audit notes for October and November 2022 unbilled revenues were booked to the 13800-11186000-10169 CRA Fuel and Commodities account rather than the summer deferral account.

#### **Recommendation**

Going forward the Company should accurately book the summer gas costs so the over under balances on the summer deferral accounting are accurately reflected compared to the filing. The Company should make any adjustments regarding the (\$5,273) difference between the SAP deferral account and filing schedule.

**Company Response**

The Company agrees that gas costs should be correctly recorded. The Company has corrected the books as necessary for any differences identified. The Company notes that differences between accruals and actual invoice amounts will always arise and are trued up in the period those invoices are received.

**Audit Response**

Audit concurs with the Company but is only aware of the adjustments identified in the audit report. The filing schedule B monthly over under balances should be verifiable to the Keene summer deferral account. The Company should properly account for the differences between the actuals and accruals on the filing schedules going forward.



## **Audit Issue #2**

### **Unbilled Revenue**

#### **Background**

The Company on the filing schedule line 36 included (\$156,861) for unbilled revenue on the summer 2023 cost of gas filing.

#### **Issue**

The Summer deferral account indicated the summer 2023 unbilled revenue is (\$5,645) while the filing indicated (\$151,216). This is a \$156,861 difference. The Company indicated to Audit that in October 2022 there should have been an unbilled revenue reversal of \$156,861 included on the filing to net to zero. Audit reviewed the SAP 130800-11174002-10169 summary deferral account and there was not any activity for unbilled revenue/reversal in October 2022-December 2022. The October and December 2022 unbilled entries were instead booked to the 130800-11186000-10169 CRA Fuel and Commodity Cost account.

#### **Recommendation**

The Company should perform the unbilled revenue adjusting entries for October 2022-December 2022 as needed as the unbilled entries should have been booked to the 130800-11174002-10169 summer deferral account rather than the 130800-11186000-10169 account. The Company should adjust the filing and GL figures to accurately reflect the proper entries.

#### **Company Response**

The unbilled transactions in the summer COG account for November 2022 is the reversal of the October 2022 unbilled entry. The \$(156,860.78) was recorded for unbilled in October 2022 and the reversal of this entry was reflected in November 2022 for \$156,860.78. This amount was shown on the filing because it is capturing November 2022 to October 2023 activity.

The actual difference between the summer unbilled activity May 2023 through October 2023 is the reversal of the October 2023 unbilled entry reflected in November 2023 for \$5,644.81.

#### **Audit Response**

Audit appreciates the explanation by the Company regarding the November 2022 entry being the reversal of the October 2022 unbilled revenue entry. Audit notes the filing schedule B uses a November 2022-October 2023 timeline, so the October 2022 unbilled revenue is outside

the time period that was not captured on the filing schedule with regard to the unbilled revenue figures. Audit was able to verify the monthly unbilled revenue figures on the GL.

### **Audit Issue #3**

#### **Other Billed Periods**

##### **Background**

The Company on line 32 Cost of Gas Other Period Blended Rate did not include the blended cost of gas billing rate for November 2022-March 2023.

##### **Issue**

Lines 33-33 on the filing are filing line items that represent adjustments for billed sales during other COG periods. There were prior period adjustments starting in November 2022-April 2023. The Company on line 32 of filing schedule B did not include the cost of gas blended billing rate for November 2022-March 2023. The Company indicated line 32 was incorrectly hardcoded as \$0.0000 in the filing but specified this did not affect the accuracy of the rest of the filing because the total on line 33 was hardcoded correctly. The Company indicated the blended rates on line 32 of the filing should have been November 2022 \$1.9259 per therm, December 2022 \$1.9355 per therm, January 2023 \$1.9390 per therm, February 2023 \$2.1575 per therm, and March 2023 \$1.8074 per therm. The Company should have originally included these rates on line 32 of the filing.

There was a large January 2023 \$176,401 Gas Costs from Other Period that is out of the May-October 2023 summer cost of gas period. The November 2022-December 2022 summer deferral account over under balances were different in the filing that could have been affected by revenue not being booked timely and accurately.

##### **Recommendation**

The Company should refile filing schedule B and include the correct Cost of Gas Other Period Blended Billing rate. The Company going forward should not have large adjustments outside of the core May-October summer season such as the one in January 2023. Audit understands there are shoulder month adjustments in November, interest, and CNG demand charges but the customers should be billed in an accurate manner that corresponds to the correct season.

##### **Company Response**

For the correct Cost of Gas Other Period Blended Billing rates, please see line 32 of the updated Schedule B. The Company agrees that there should not be large adjustments outside of the May-October summer season. The adjustment in January 2023 was a result of delayed summer billing for Keene customers due to the SAP conversion and should not be a reoccurring issue.

**Audit Response**

Audit has reviewed the proposed updated filing schedule B and concurs with the Company that the correct cost of gas Other Period Blended Billing Rates are being included on line 32 for November 2022-April 2023. Audit appreciates that going forward the Company has made the necessary adjustments to SAP so delayed billing transactions like the one in January 2023 will no longer be a recurring issue.

REDACTED

## **Audit Issue #4**

### **Incremental Gas Costs**

#### **Background**

The Company on the filing schedule needs to reflect the incremental gas costs more accurately.

#### **Issue**

Schedule O of the reconciliation filing breaks out the summer 2023 incremental gas savings of CNG vs the spot propane market which is [REDACTED]. This filing indicates that CNG was cheaper than propane and the Company is authorized to collect the full amount from customers up to the amount previously deferred. The Company indicated to Audit on the bottom of the schedule they should not have divided by 50% and reduce the figure to [REDACTED] but instead should leave the [REDACTED] amount. The Company indicated the error was a typo.

The Company on the filing made a typo on filing schedule B line 14 by including projected summer 2022 incremental gas costs that should be the summer 2023 incremental gas costs. Line 15 Net Incremental Gas costs was unnecessary as there was only one line on the filing for incremental gas costs.

The Company provided the [REDACTED] summer 2023 incremental gas cost adjusting entry in February 2024. This entry should have been done by the end of October 2023.

On Line 40 of the filing there is a net \$8,221 accounting adjustment that consists of a (\$13,708) March 2023 2019-2022 summer incremental gas costs adjusting entry, a \$27,416 May 2023 entry reversing and correcting the March 2023 entry, and an October 2023 winter 2022-2023 incremental gas costs entry of (\$4,802) that was reversed and corrected to be (\$5,487) as identified in audit issue number 5 of the 2022-2023 winter cost of gas audit report.

#### **Recommendation**

The Company should refile filing schedule O so that the summer 2023 incremental gas costs are reflected correctly. The Company should refile filing schedule B line 14 so the summer 2023 incremental gas costs are reflected accurately.

The Company going forward should accurately book the incremental gas costs so multiple adjusting entries are not required, and in the proper period.

#### **Company Response**

The Company agrees and is working towards more accurate and timely booking of the incremental gas costs. The Company provided an updated proposed filing schedule B line 14 that is the total for the 2023 summer incremental gas costs. The Company provided an updated proposed schedule O that lists the actual summer 2023 incremental gas cost savings CNG vs the spot propane price.

**Audit Response**

Audit concurs with the Company regarding the proposed changes on filing schedule O. The Company on the original filing schedule B line 14 was to reflect the summer 2023 actual incremental gas costs rather than the “*Projected incremental costs summer 2022.*” Audit does not concur with the proposed changes made on the proposed filing schedule B line 14 “*Projected Incremental Costs Summer 2023*”. The filing schedule B should be changed to read the summer 2023 actual gas costs since filing schedule B is supposed to be a reconciliation of the actual gas costs not projected summer 2023 incremental gas costs.

REDACTED

## **Audit Issue #5**

### **CNG Adjustments**

#### **Background**

The Company on the filing has a line item that reflect CNG accounting adjustments that account for timing differences between the payment of invoices/accruals.

#### **Issue**

Filing Schedule line 16 represents CNG adjustments to the cost of CNG such as adjustments to actual amounts booked monthly vs. the estimated costs booked for CNG purchases that was zero during summer 2023. The filing indicates summer 2023 CNG gas costs are [REDACTED] while the GL deferral account activity indicated there was [REDACTED] in costs. The [REDACTED] is the difference between the accruals and actual amount which should have been broken out on this line of the filing.

#### **Recommendation**

The Company should refile filing schedule line 16 so the differences between the accruals and actuals are accurately reflected on the filing schedule.

#### **Company Response**

The Company provide an updated proposed Schedule B Line 16 that shows the \$2,590 difference between the accruals and actuals. This is equal to the [REDACTED] difference noted above for May-October 2023 net of an additional \$53 in adjustments from November 2022-April 2023.

#### **Audit Response**

Audit has reviewed the proposed Schedule B and concurs that Line 16 that shows the November 2022-October 2023 \$2,590 CNG Accounting Adjustments that explain the difference between the accruals and actual CNG costs.

**Audit Issue #6****Interest****Background**

The Company on filing schedule B reflected the interest differently than it is reflected on the SAP summer deferral GL account because of the different over/under balances in the deferral account.

**Issue**

There is a (\$1,372) difference between the filing calculated interest and the calculations from the summer deferral GL account because of different over/under balances in the account.

<b>Month</b>	<b>Interest Rate</b>	<b># Days</b>	<b>GL</b>	<b>Filing</b>	<b>Difference</b>
Nov-22	5.50%	30	\$ 270	\$ 270	\$ -
Dec-22	5.50%	31	\$ 793	\$ 793	\$ -
Jan-23	5.50%	31	\$ 285	\$ 285	\$ -
Feb-23	7.00%	28	\$ (264)	\$ (264)	\$ -
Mar-23	7.00%	31	\$ (320)	\$ (330)	\$ 10
Apr-23	7.00%	30	\$ (347)	\$ (368)	\$ 21
May-23	8.00%	31	\$ (470)	\$ (313)	\$ (157)
Jun-23	8.25%	30	\$ (592)	\$ (254)	\$ (338)
Jul-23	8.25%	31	\$ (612)	\$ (260)	\$ (352)
Aug-23	8.50%	31	\$ (628)	\$ (263)	\$ (365)
Sep-23	8.50%	30	\$ (397)	\$ (215)	\$ (182)
Oct-23	8.50%	31	\$ 12	\$ 21	\$ (9)
			<u>\$ (2,270)</u>	<u>\$ (898)</u>	<u>\$ (1,372)</u>

**Recommendation**

The Company should make any interest adjustments as needed. Going forward the monthly interest calculations should be the same on the filing and summer deferral account as the monthly account running over/under balances should match one another.

**Company Response**



Please see line 39 in the updated proposed filing schedule B. The Company confirmed that the (\$2,270) in interest that was recorded on the GL was the correct interest amount that should have been recorded on Schedule B.

**Audit Response**

Audit has reviewed the updated proposed filing schedule B and concurs that the November 2022-October 2023 (\$2,270) interest costs are on line 39 of the proposed filing.