

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

Docket No. DG 24-106
Liberty Utilities (Energy North Natural Gas) Corp. d/b/a Liberty
Winter 2024-2025 & Summer 2025 Cost of Gas (COG Supply)

Technical Statement of Ashraful Alam, Utility Analyst &
Bruce L. Blair, Utility Analyst
Department of Energy, Division of Regulatory Support
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The New Hampshire Department of Energy (“DOE” or the “Department”) submits this technical statement in compliance with the Public Utilities Commission (“PUC” or the “Commission”) Order “Commencement of Adjudicative Proceeding and Notice of Hearing” dated October 3, 2024, in docket DG 24-106. The purpose of this statement is to provide the Commission with required information and a framework for understanding DOE’s position in advance of the Cost of Gas (“COG”) hearing scheduled for October 24, 2024, at 1:00 p.m.

As explained below, after review and analysis, the DOE recommends that the Commission conditionally approve Liberty Utilities (Energy North Natural Gas) Corp. d/b/a Liberty (“Liberty”, “Liberty-ENNG”, or “the Company”) Winter 2024-2025 rates to be effective November 1, 2024, and Summer 2025 rates to be effective May 1, 2025, in this instant docket based upon the changes to insure the appropriate interest and LDAC amounts are used. This technical statement addresses the following areas:

- I. Background;
- II. Filing Facts and DOE Analysis;
- III. Fixed-Price Option (FPO);
- IV. COG Over/Under Collection Calculation;
- V. Interest Adjustments; and
- VI. DOE Recommendations.

I. Background

The initial filing by Liberty into this docket was made on September 3, 2024, and was initially filed alongside Liberty’s Local Distribution Adjustment Charge (LDAC) and assigned Docket No. DG 24-098. The Commission’s issued a “Commencement of Adjudicative Proceeding and Notice of Hearing” on October 3, 2024, bifurcating the cost of gas (supply) (hereinafter “COG”) and the local distribution adjustment clause (LDAC)¹ into separate dockets making this COG proceeding Docket No. DG 24-106. The Department issued one set of Data Requests (DRs) on September 10, 2024. The responses to the DRs were received on September 18, 2024. The Office of the Consumer

¹ Unlike the other public gas utility, Liberty considers its revenue decoupling adjustment factor to be part of the RDAF. Also, the current bill impact statement does not yet include the updated CPI factor for energy efficiency (EE), as that update is not done until late October.

Advocate (OCA) issued one set of DRs on September 25, 2024, and Liberty responded to the OCA’s DRs on September 30, 2024. In addition, one technical session was held on September 20, 2024, which was attended by the Company, the Department and the OCA.

II. Filing Facts and DOE Analysis

The following section will include filing facts and DOE analysis of therm sales projection, proposed COG rates, bill impacts, proposed LDAC rates, and COG components.

Therm Sales Projection

The projected total sales over the Winter 2024-2025 (i.e., November 2024 to April 2025) period for Liberty-ENNG is 131,776,922 therms, of which 51,575,515 (or 39.14%) is for residential, 37,312,657 (or 28.32%) is for C&I, and 42,888,750 (or 32.55%) is for the transportation sector. The projected Winter 2024-2025 sales figure is down by 6,016,004 therms when compared to projected Winter 2023-2024 sales of 137,792,926.

The projected total sales over the Summer 2025 (i.e., May 2025 to October 2025) period for Liberty-ENNG is 44,620,601 therms, of which 12,333,628 (or 27.64%) is for residential, 10,089,091 (or 22.61%) is for C&I, and 22,197,882 (or 49.75%) is for the transportation sector. The projected Summer 2025 sales is down by 4,067,222 therms when compared to projected Summer 2024 sales of 48,687,823.

Overall, for the 2024-2025 COG season, the projected therm sales are down by 10,083,226 therms as compared to the last season.

Proposed COG Rates

The proposed Winter 2024-2025 (i.e., November 2024 to April 2025) rates are as follows:

Table-1: Winter 2024-2025 Rates

Beginning Period (per therm rate)	Non-FPO Rates: Winter 2024-2025	Maximum Rates: Winter 2024-2025	FPO Rates: Winter 2024-2025
Residential (excluding GAP ²)	\$0.6792	\$0.8490	\$0.6992
Residential - GAP Customers	\$0.3736	\$0.4670	\$0.3846
C&I - LLF ³ (High Winter Use)	\$0.6793	\$0.8491	-
C&I - HLF ⁴ (Low Winter Use)	\$0.6796	\$0.8495	-

² Gas Assistance Program (Low Income Customers)

³ Low Load Factor

⁴ High Load Factor

The proposed Summer 2025 (i.e., May 2025 to October 2025) rates are as follows:

Table-2: Summer 2025 Rates

Beginning Period (per therm rate)	Non-FPO Rates: Summer 2025	Maximum Rates: Summer 2025
Residential – all customers	\$0.0724	\$0.0905
C&I - LLF (High Winter Use)	\$0.0725	\$0.0906
C&I - HLF (Low Winter Use)	\$0.0726	\$0.0908

The Department reviewed the calculations for proposed COG rates as presented and generally concurs with the calculation methodologies used to devise the proposed rates.

Bill Impacts

The Department notes that the bill impacts submitted in the initial filing by the Company make a comparison between this year’s proposed COG and LDAC rates as compared to last year’s proposed COG and actual LDAC rates. Given the bifurcation of COG and LDAC proceedings, the current LDAC rates remain in effect until January 31, 2025. The following table shows the bill impacts by making a comparison between this year’s proposed COG (and keeping the existing LDAC rates) as compared to last year’s actual COG rates (along with the same LDAC rates), thus reflecting the impact on customer bills due to the change in the COG rates alone:

Table-3: Winter & Summer Bill Impacts

Rate Class	Winter				Summer ⁵			
	Therm Use	Total Bill: 2024-2025	\$ Change (as compared to 2023-2024)	% change	Therm Use	Total Bill: 2024-2025	\$ Change (as compared to 2023-2024)	% change
R-3 (Residential-Heating)	640	\$1,057.01	\$61.69	6.20%	155	\$238.58	\$8.35	3.63%
R-3 FPO (Residential Heating)	640	\$1,069.81	(\$22.42) ⁶	(2.05%)	-	-	-	-
R-4 GAP (Residential-Heating)	640	\$703.14	(\$66.98)	(8.70%)	-	-	-	-
G-41 (C&I)	2,111	\$2,895.41	\$95.32	3.40%	383	\$620.23	\$20.85	3.48%
G-42 (C&I)	19,238	\$23,288.00	\$930.11	4.16%	4,595	\$3,822.04	\$249.95	7.00%
G-52 (C&I)	13,309	\$14,464.19	\$827.42	6.07%	8,298	\$4,037.29	\$442.28	12.30%

A comparison between the weighted average COG rate for the for the 2023-2024 COG season and the proposed rate for the 2024-2025 COG season is shown in the following table:

Table-4.1: Proposed COG Rate for 2024-2025 Winter Compared to Weighted Average COG Rate for 2023-2024 Winter

Rate Classes	Weighted Average COG Rate for 2023-2024 Winter	Proposed COG Rate for 2024-2025 Winter	% Change
R-3 (Residential-Heating)	\$0.6249	\$0.6792	8.69%
R-3 FPO (Residential Heating)	\$0.7763	\$0.6992	(9.93%) ⁷
R-4 GAP (Residential-Heating)	\$0.3437	\$0.3736	8.70%
G-41 (C&I)	\$0.6292	\$0.6793	7.96%
G-42 (C&I)	\$0.6261	\$0.6793	8.50%
G-52 (C&I)	\$0.6127	\$0.6796	10.92%

⁵ Summer period does not offer an FPO rate and a separate rate for low-income residential or GAP (i.e., R-4 rate class) customers. As such, all residential customers pay the same rate in the summer period.

⁶ A figure in parenthesis indicates a negative value.

⁷ A figure in parenthesis indicates a negative value.

Table-4.2: Proposed COG Rate for 2025 Summer Compared to Weighted Average COG Rate for 2024 Summer

Rate Classes	Weighted Average COG Rate for 2024 Summer	Proposed COG Rate for 2025 Summer	% Change
R-3 (Residential-Heating)	\$0.0187	\$0.0724	287.17%
G-41 (C&I)	\$0.0181	\$0.0725	300.55%
G-42 (C&I)	\$0.0181	\$0.0725	300.55%
G-52 (C&I)	\$0.0193	\$0.0726	276.17%

Please note that the Summer 2024 weighted average COG rates are lower than it should have been to accommodate the over-collection balance that the Company accrued due to an accounting error that happened during the previous COG season. Thus, the Company was able to refund roughly half of the over-collection balance to the customers, and the remaining balance will be refunded through a customized credit amount. The parties are awaiting the Commission order on this in Docket DG 23-076.

Proposed LDAC Rates

The Department acknowledges the filing of the proposed LDAC rates as submitted by the Company on August 20, 2024. Due to the bifurcation (per Docket No. DG 23-027) of COG rates from LDAC rates, the current technical statement does not provide the Department’s position on the proposed LDAC rates at this time.

COG Components

Over November 2024 to April 2025 (Winter) period, the total projected (direct and indirect) cost of gas is \$60,376,238. Over May 2025 to October 2025 (Summer) period, the total projected (direct and indirect) cost of gas is \$1,623,394. The composition of this total projected cost is as follows:

Table-5: Cost of Gas Component

Category	Winter	Summer	2024-2025 Season
Commodity Cost	\$48,298,071	\$6,947,947	\$55,246,017
Demand Cost	\$14,124,307	\$1,210,454	\$15,334,760
Hedging Cost	(\$4,494,900)	(\$3,860,898)	(\$8,355,798)
Adjustments	(\$2,288,082)	(\$3,453,681)	(\$5,741,763)
Indirect Cost	\$4,736,843	\$779,573	\$5,516,415
Adjusted Total Cost	\$60,376,238	\$1,623,394	\$61,999,632

III. Fixed Price Option (FPO)

A copy of the FPO letter that by now has been sent to ENNG customers was provided as Attachment 1 in the Company’s September 3, 2024, filing in Docket No. DG 24-098. The letter includes an enrollment deadline of October 22, 2024. The FPO customer enrollments for the last three winter seasons for Liberty-ENNG and Liberty-Keene Division are shown in the following table:

Table-6: FPO Enrollment

COG Season	Liberty-ENNG	
	No. of Customers	% of Total
Winter 2021-2022	9,657	10.1%
Winter 2022-2023	13,984	14.3%
Winter 2023-2024	13,002	13.5%

It is the Department’s understanding that the Office of the Consumer Advocate wishes to propose an increase to the Winter FPO per-therm charge from \$0.0200 per therm above the approved Winter COG to \$0.0400 per therm above the approved Winter COG. Consistent with Docket No. DG 23-027 Proposed Guidelines (approved by the Commission in that docket), this issue should be “carved out” in this docket as it is more complex than COG topics are anticipated to be and was not added to the docket in a timely fashion. It is the Department’s understanding that, consistent with those guidelines, the Company will propose to “carve out” this FPO issue, the Company’s own proposal to modify the FPO letter and change the tariff to make FPO rates consistent, by definition, with the Commission’s approved rate and not the rate the Company proposes in September. These issues are not discussed here, as they are to be “carved out.” It is the Department’s understanding that there may be additional “carve out” issues.

IV. COG Over/Under Collection Calculation

The Department recognized an error in the Company’s testimony at Bates 0011 in which the Company incorrectly identified the prior period (2023-2024) ending balance of \$306,763 as an over-collection for the Winter 2024-2025 period. The Department asked Liberty to clarify whether there was an under-collection or over-collection. The Company responded by stating that the \$306,763 was incorrectly identified as an over-collection and should have been identified as an under-collection⁸. The Department reviewed the calculations for the ending Prior Period (Over)/Under Collection for the Winter 2024-2025 period and agrees with the corrected calculations of the under collection of \$306,763.

The prior period ending balance for Summer 2025 is reported in the testimony at Bates 0020 as a \$(409,360) over-collection. The Department asked the Company to explain the components that resulted in this over-collection, and the Company responded by stating that the prior end-of-period overcollection of (\$409,360) for the off-peak cost of gas is the projected October 31, 2024, balance

⁸ See Attachment A, DOE 1-14(a) response

per Liberty's most recent trigger filing update less the projected on-bill credit the Company proposes to issue to customers, pending Commission approval. See Docket DG 23-076. The projected October 31, 2024, balance is (\$6,263,306) taking into account the projected on-bill credit that the Company has already proposed, with the assent of the Department is \$5,853,946,⁹ which nets to the projected beginning balance of (\$409,360)¹⁰. The Commission held a hearing in DG 23-076 on September 26, 2024, on the requested on-bill credit. As of the date of this technical statement, the Commission has not issued an order. If the Commission issues an order approving the Company's proposal for the Summer 2023 overcollection (flagged in last year's COG proceeding), the Department concurs with the Company's ending balance for the Prior Period (Over)/Under Collection calculation of (\$409,360) in this docket. If the Commission issues an order that differs from the proposed plan discussed by Liberty at the September 26, 2024, hearing, the Department reserves the right to revisit the technical statement.

V. Interest Costs Adjustments

The prior period hearing held on September 26, 2024, in Docket DG 23-076 on the accounting error presents further issues as it relates to prior period (over)/under collection that should be addressed. Absent the accounting error, the total interest costs recorded in the winter deferral account would have been \$257,259.39 while the interest costs recorded in the winter deferral account with the accounting error was (\$530,424.29). The difference results in an adjustment of \$787,713.68.¹¹ In addition, absent the accounting error, the total interest costs recorded in the summer deferral account would have been (\$275,125.52) while the interest costs recorded in the winter deferral account with the error was \$480,560.88. The difference results in an adjustment of (\$755,656.40).¹² The net result of the two interest costs adjustments is \$32,057.28¹³ which the Company argues is "well within the historical range of interest booked to the cost of gas deferral accounts during the peak period."¹⁴

The Department understands that the Company's initial filing included the interest cost adjustments described in the previous paragraph, and the Department concurs with the Company's calculations and rationale for the adjustments. Ratepayers and the Company both benefited from and were harmed by the accounting error. The Department also understands that the Company has agreed to waive the net difference of \$32,057.28 from the cost of gas, and based on this understanding, the Department concurs with the initial filing of the COG rates minus the net difference of the interest cost adjustment of nearly \$32,000.

VI. DOE Recommendations

The Department conditionally concurs with the Company's Winter 2024-2025 and Summer 2025 COG calculations pending the Company's recalculation of the impact of the switch in prime

⁹ Note, combining the \$5.9 million on bill credit and the \$6.3 ending balance overcollection for Summer 2025 the over-collected amount is in excess of 11 million. See Docket DG 23-076 (Company's assented-to motion for on-bill credit).

¹⁰ See Attachment A, DOE 1-14(b) response

¹¹ See Attachment A, DOE 1-16(b) response

¹² See Attachment A, DOE 1-16(b) response

¹³ See Attachment B, (DOE 1-16b_COG) for these calculations.

¹⁴ See Attachment A, DOE 1-16(c) response

interest rate for the Winter 2024-2025 and Summer 2025 period to the most current prime interest rate of 8%; the Company's verification that the net difference in interest cost adjustment of nearly \$32,000 is not included in the COG calculations; and the Company's verification that the COG rates proposed include the currently approved LDAC rate (per Docket DG 23-076) and not the proposed LDAC rate in Docket DG 24-098 for the future period February 1, 2025-October 31, 2025.