STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DG 24-100

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.
d/b/a LIBERTY-KEENE DIVISION

Winter 2024-2025 Cost of Gas

Order Provisionally Approving Winter 2024/2025 COG Rates and Requiring Additional Process for Reviewing Final Rates

O R D E R N O. 27,070

October 31, 2024

On September 9, 2024, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty-Keene Division (Liberty Keene) filed a petition to adjust its Cost of Gas (COG) rates for the Winter 2024/2025 season, with rates effective November 1, 2024 through April 30, 2025. The Commission held a hearing on the proposed rates on October 29, 2024, at which the New Hampshire Department of Energy and the Office of the Consumer Advocate appeared. After reviewing all evidence in the record, including the testimony of Liberty Keene's witnesses, the Commission provisionally approves the rates in Table 1, *infra*, to take effect on November 1, 2024, but will require Liberty Keene to supplement the record to justify its rates as just and reasonable before approving final rates.

The Commission's issue with Liberty Keene's proposed rates relates to the company's allocation of the demand charge between the winter and summer COG seasons. In Order No. 26,505 (July 30, 2021), the Commission approved a settlement agreement between Liberty, Liberty Keene, and the other parties to the docket that stated: compressed natural gas (CNG) "demand costs shall be allocated 75% to the winer period and 25% to the summer period until such time as otherwise determined by the Commission in a future proceeding. Any change in allocation shall be implemented during a Winter Cost of Gas filing." *See* June 30, 2021, Settlement Agreement in Docket No. DG 21-105 at 14. Liberty Keene has followed this allocation method in its previous cost of gas dockets. *See*, *e.g.,* Docket Nos. DG 21-132, DG 22-057, DG 23-084 and DG 23-034.

In this docket, however, Liberty Keene allocated the winter related CNG demand charge equally over a twelve-month period. In other words, it allocated fifty percent of the demand charge to the winter season and fifty percent to the summer season. This will result in lower COG rates during the winter period, but higher COG rates during the summer period. Significantly, Liberty Keene did not request approval from the Commission to make this change in its petition or highlight the change in its witnesses' pre-filed testimony. In fact, the witnesses' pre-filed testimony inaccurately stated that the demand charges were allocated seventy-five percent to winter and twenty-five percent to summer. *See* Exh. 1 at Bates Page 17. Effectively, Liberty Keene only allotted 37.5 percent of the annual demand charges to winter, which is contrary to the direction in Order No. 26,505. When questioned by the Commissioners at the October 29 hearing, the company's witnesses were unable to provide a convincing response as to why this change was appropriate and why the Commission should amend Order No. 26,505 to allow the different allocation of CNG demand charges.

The Commission notes its review of COG rate requests is generally limited to whether Liberty Keene complied with the COG rate mechanism approved in Order No. 26,505 and all other applicable legal requirements, as well as whether the company used correct inputs and appropriate market forecasting to calculate its rates. *See, e.g.*, Order No. 26,900, at 4–5 (October 31, 2023) (finding the proposed COG rates just and reasonable because they were consistent with the COG mechanism and "the process employed by Liberty-Keene [was] market-based and the resulting rates reflect[ed] current conditions in the propane and natural gas markets"). Because Liberty Keene's proposed rates are inconsistent with Order No. 26,505, the Commission cannot issue final approval of them at this time.

The Commission directs Liberty Keene to submit a supplemental filing that either: (1) readjusts its Winter 2024/2025 COG rates based on the demand charge allocation approved in Order No. 26,505; or (2) explain why the currently proposed rates would be just and reasonable. The Commission will then consider whether any changes to Liberty Keene's proposed rates are appropriate for effect December 1, 2024. Liberty Keene's filing should also include a recommendation regarding the Fixed Price Option in light of any changes to the approved COG rates. The Commission requests that Liberty Keene submit this filing by November 8, 2024. The other parties to this docket may submit a reply to the supplemental filing by November 15, 2024.

As noted above, the Commission will nevertheless allow the proposed COG rates to go into effect on November 1, 2024 on a provisional basis. This is because the currently effective COG rates reflect the lower COG rates typical of the summer period (which runs from May to October). The Commission finds that the proposed rates better reflect winter pricing dynamics than the rates currently in place. *See* Order No. 26,029, at 55 (June 23, 2017) (approving rates, despite an insufficient record to establish the costs underlying the rates, because they would "serve effectively as 'rough justice' until actual costs could be determined"). Accordingly, Liberty Keene is authorized to implement the following rates on November 1, 2024 on a provisional basis:

Table 1: Liberty Keene's Authorized Cost of Gas Rates
(all rates in $/ therm)

	Base Rate (effective November 1, 2024)	Fixed Price Option Rate[1]
Residential – Non-Gas Assistance Program	$1.5420	$1.5620
Residential – Gas Assistance Program[2]	$0.8481	$0.8591
C&I – LLF (High Winter Use)	$1.5420	
C&I – HLF (Low Winter Use)	$1.5420	

Based upon the foregoing, it is hereby

ORDERED, that the Commission provisionally approves the rates listed in Table 1 for effect November 1, 2024; and it is

FURTHER ORDERED, that the Commission finds that the proposed Winter 2024/2025 COG rates are inconsistent with Order No. 26,505 and requires additional information prior to finalizing the rates; and it is

FURTHER ORDERED, Liberty Keene shall submit a supplemental filing consistent with the requirements in this order by November 8, 2024. The other parties to this docket may submit a reply to the supplemental filing by November 15, 2024; and it is

[1] Liberty Keene offers a limited number of its customers the opportunity to participate in its Fixed Price Option on a first-come-first-served basis. This program allows customers to obtain a guaranteed rate throughout the winter season and thus removes the risk associated with fluctuating gas prices. The FPO rate is set at $.02 higher than the approved base COG rate.

[2] The Gas Assistance Program provides a discounted gas rate to qualifying low-income residential customers. The rate is currently at 55% of the approved rate for residential customers.

FURTHER ORDERED, that Liberty Keene shall file annotated tariff pages as required by N.H. Code Admin. R., Puc 1603 conforming to this order within fifteen (15) days of the date of this order.

By order of the Public Utilities Commission of New Hampshire this thirty-first day of October, 2024.

Daniel C. Goldner Chairman	Pradip K. Chattopadhyay Commissioner

Service List - Docket Related

Docket#: 24-100

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