

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 24-106

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

Winter 2024-2025 and Summer 2025 Cost of Gas

**Order Provisionally Approving Liberty's Proposed
Winter 2024/2025 Cost of Gas Rates**

ORDER NO. 27,069

October 28, 2024

On September 3, 2024, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (Liberty) petitioned to adjust its Cost of Gas (COG) rates for the Winter 2024/2025 period (with rates effective November 1, 2024 through April 30, 2025) and the Summer 2025 period (with rates effective May 1, 2025 through October 30, 2025). The COG mechanism allows Liberty to recover the costs it incurs purchasing natural gas for its customers, which includes, among other items, the actual cost of the commodity and related storage and transportation expenses. Pursuant to the rate mechanism, the Commission sets a base winter rate and a base summer rate and Liberty adjusts its rates on a monthly basis to account for changes in the actual cost of gas, with the caveat that rates cannot increase more than twenty-five percent above the base rates without Commission review and approval.

The Commission scheduled a hearing on the petition for October 24, 2024. On October 18, Liberty submitted a corrected filing that identified an error in its accounting that, once corrected, resulted in lower rates than initially proposed. See Table 1, *infra* (detailing Liberty's revised rates). At hearing, the New Hampshire Department of Energy (DOE) and the Office of the Consumer Advocate (OCA) represented that they did not have sufficient time to review Liberty's updated filing

and requested that the Commission approve the proposed Winter 2024/2025 rates, effective November 1, 2024, on a provisional basis and continue the hearing until December to confirm final rates. For its part, Liberty presented its witnesses, consisting of the company's staff responsible for preparing the proposed rates, who testified that the revised rates were calculated consistently with the COG mechanism and were just and reasonable. Nevertheless, Liberty assented to the DOE and OCA's request. As explained below, the Commission will allow the proposed Winter 2024/2025 COG rates to go into effect on November 1, 2024 on a provisional basis, and will defer ruling on the remaining aspects of the petition to allow additional time for the DOE and OCA to review the company's revised petition.

In its revised petition, Liberty proposed the following COG rates to take effect on November 1, 2024:

Table 1: Liberty's proposed Winter 2024/2025 COG Rates
(Rates in \$/ therm)

Rate Class	Weighted Average ¹ COG Rate for Winter 2023/2024	Proposed COG Rate for Winter 2024/2025	% Change (parentheses indicate a decrease in rates)
Residential Heating	\$0.6249	\$0.6088	(2.58%)
Residential Heating – Fixed Price Option (FPO) ²	\$0.7763	\$0.6288	(19.00%)
Residential Heating, Gas	\$0.3437	\$0.3348	(2.59%)

¹ The weighted average rate represents the average rate Liberty's customers actually paid during the six-month period between November 2023 and April 2024. The average rate reflects the initial base rate the Commission approved and any monthly adjustments Liberty made to account for changes in the cost of gas.

² Liberty 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 COG rate.

Assistance Program (GAP) ³ Customers			
Residential Heating, GAP Customers – FPO	\$0.4270	\$0.3458	(23.48%)
G-41, Commercial and Industrial (C&I)	\$0.6292	\$0.6088	(3.24%)
G-42, C&I	\$0.6261	\$0.6088	(2.76%)
G-52, C&I	\$0.6127	\$0.6091	(.059%)

See Exh. 12 at 1.

Although, as demonstrated in Table 1, the proposed rates are lower than the average actual rates for the prior winter period (i.e., November 2023 through April 2024), they are significantly higher than the COG rates currently in effect for the prior summer period (i.e., May 2024 through October 2024). The Commission has broad statutory authority to set rates in addition to the “powers inherent within its broad grant” of express authority. *See Appeal of Verizon New England, Inc.*, 153 N.H. 50, 64-66 (2005) (citations omitted). The Commission applies the “just and reasonable” ratemaking standards of RSA 374:2 and RSA 378:7 when setting COG rates. *See Northern Utilities, Inc.*, Order No. 25,891 (April 29, 2016). In circumstances where a utility seeks to increase rates, the utility bears the burden of proving the necessity of the increase pursuant to RSA 378:8.

Significantly, the Commission does not administratively fix the market prices for gas commodities or ancillary services for Liberty or any other gas utility; the offering prices of the wholesale gas, transportation, and storage suppliers participating

³ 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.

in the American gas market, responding to prevailing market conditions, drive this outcome. *See* Order No. 26,898, at 7 (October 31, 2023). The Commission does, however, oversee the process used by Liberty for its gas portfolio development, and its calculation of the resultant COG rates, for compliance with statutes, Commission rules, and orders, as well as technical accuracy, to ensure just and reasonable rates within this market-driven framework. *Id.* at 7–8. The Commission has authorized Liberty to annually adjust its COG rate pursuant to this framework and has found that rates calculated under the COG mechanism were consistent with the statutory requirements under RSA 374:2 and RSA 378:7. *Id.* at 2, 8.

Here, Liberty’s witnesses testified that the proposed rates were calculated consistently with the COG mechanism previously endorsed by the Commission. Due to the late-discovered error, however, the other parties to this docket have not had sufficient time to validate the inputs used to derive the rates. For the purposes of interim approval of Liberty’s proposed COG rates effective November 1, 2024, subject to our further review and reconciliation, we rely on the testimony of Liberty’s witnesses and find that the proposed COG rates were calculated consistent with the COG mechanism and thus approve them on an interim basis. *See* RSA 374:2; RSA 378:7. Our final review and approval of the rates will happen in the December hearing in this proceeding.

Accordingly, the Commission will allow the rates in Table 1 to take effect on November 1, 2024. The Commission will defer final approval of the Winter 2024/2025 COG rates, as well as approval of Liberty’s proposed Summer 2025 COG rates, until all parties have had the opportunity to review the revised petition.

Based upon the foregoing, it is hereby

ORDERED, that Liberty's proposed Winter 2024/2025 COG rates for service rendered on or after November 1, 2024, as laid out in Table 1, are provisionally approved as discussed herein; and it is

FURTHER ORDERED, that consistent with the parties' agreement at the October 24 hearing, Liberty's proposed Summer 2025 COG rates for service rendered on or after May 1, 2025, are not approved; and it is

FURTHER ORDERED, that Liberty, after conferring with the other parties to this docket, shall file a proposed procedural schedule by November 4, 2024 to allow for further review and finalization of the revised rates; and it is

FURTHER ORDERED, that Liberty may, without further Commission action, adjust its approved Winter 2024/2025 COG rates based on the projected over- or under-collection for the period, the adjusted rate to be effective the first day of the month and not to exceed a maximum rate of 25 percent above the approved rate, with no limitations on reductions to the COG rates; and it is


FURTHER ORDERED, that Liberty shall provide the Commission with its monthly calculation of the projected over- or under-collection, along with the resulting revised COG rates for the subsequent month, not less than five business days prior to the first day of the subsequent month. Liberty shall include revised Calculation of the Firm Sales Cost of Gas Rate annotated tariff pages and revised rate schedules under separate cover letter if Liberty elects to adjust COG rates, with revised annotated tariff pages to be filed; and it is;

FURTHER ORDERED, that Liberty 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 twenty-eighth day of October, 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

Service List - Docket Related

Docket#: 24-106

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