

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Docket No. DG 19-161

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

Distribution Service Rate Case

Petition for Permanent and Temporary Rates

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (“EnergyNorth” or the “Company”), through counsel, respectfully petitions the New Hampshire Public Utilities Commission (“Commission”) pursuant to RSA 378:27 and RSA 378:28 to fix, determine, and prescribe (1) an increase in permanent rates to be effective with service rendered on and after February 1, 2020, (2) temporary rates to be effective on and after February 1, 2020, pending the Commission’s final determination on the Company’s request for a permanent rate increase, and (3) a step increase to begin recovery of capital costs incurred July 1 through December 31, 2019, to be effective coincident with the implementation of permanent rates.

In support of this petition, the Company states as follows:

1. On October 1, 2019, the Company filed a Notice of Intent to File Rate Schedules pursuant to Puc 1604.05.
2. Contemporaneous with this *Petition for Permanent and Temporary Rates*, the Company is filing proposed revised tariff pages, with supporting testimony and schedules, requesting changes to the Company’s permanent rates that are intended to yield an annual

increase of \$10,780,660 in distribution revenues to be effective February 1, 2020; a temporary increase in distribution revenues of \$7,886,812 annually to be effective February 1, 2020; and a step increase of \$3,030,911 annually to begin recovering the revenue requirement associated with capital projects completed during the six month period ending December 31, 2019, which step increase will be effective no earlier than January 1, 2020.

3. The Company is filing this case because, under the rates currently in effect, it is unable to earn the rate of return authorized by the Commission in Docket No. DG 17-048. *See* Order No. 26,122 (Apr. 27, 2018). In particular, as set forth in the joint pre-filed testimony of David B. Simek and Kenneth A. Sosnick in Support of Temporary Rates, EnergyNorth's earned return on rate base for the distribution portion of its business was 5.14% for the test year ended June 30, 2019, which is less than the return on rate base of 6.86%, computed using the Company's last authorized return on equity of 9.3%. This under-earning is primarily the result of the Company's significant investment in non-revenue producing capital projects that are necessary for the provision of safe and reliable service as described in the joint testimony of Shawn D. Furey, Brian R. Frost, and Heather M. Tebbetts. Unless rate relief is granted, the Company will not earn a reasonable return on the cost of its property that is used and useful in the public service, resulting in a confiscation of the Company's property. As this is a situation that worsens each year without recovery of new investments, the Company has proposed some mechanisms that would some interim recovery between rate cases.

4. The Company is requesting that the Commission authorize an increase of rates on a temporary basis to generate an additional \$7,886,812 annually in distribution revenues. This proposed increase is consistent with the requirements of RSA 378:27, which provides that "temporary rates shall be sufficient to yield not less than a reasonable return on the cost of

property of the utility used and useful in the public service less accrued depreciation, as shown by the reports of the utility filed with the commission.” The temporary rate increase will prevent the Company from substantially under-earning while the Commission considers the permanent rate increase. The requested temporary rates will also smooth the transition to permanent rates that the Commission may order in this docket.

5. To the extent necessary to support this request for temporary rates, the Company incorporates by reference the testimony and supporting materials filed in support of its request for permanent rate relief.

6. The proposed step increase is to recover the annual revenue requirement associated with approximately \$20 million of planned capital investment for the six-month period July 1 through December 31, 2019. The Company asks that the Commission make the step increase effective at the time that permanent rates become effective following the conclusion of this proceeding.

7. The impact on average monthly bill amounts for the temporary, permanent, and step increases as compared to rates in effect today are shown in Attachment 1 to this petition.

8. The reports on file with the Commission and the supporting documents filed in this case demonstrate that the Company is entitled to the increases in rates outlined above in order to have an opportunity to earn a reasonable rate of return. RSA 378:27; RSA 378:28.

9. The rates requested by the Company in this proceeding are just and reasonable and in the public interest and should be approved by the Commission.

WHEREFORE, EnergyNorth respectfully requests that the Commission:

- A. Grant the Company’s request for temporary increase of \$7,886,812 in annual distribution revenue to be effective with service rendered on and after February 1, 2020;

- B. Order such temporary rates to remain in effect until a final determination of the Company's request for a permanent rate increase;
- C. Grant the Company's request for a permanent increase of \$10,780,660 in annual distribution revenue to be effective with service rendered on and after February 1, 2020;
- D. Grant the Company's request for a step increase of \$3,030,911 in annual distribution revenue for capital investments made through December 31, 2019, to be effective coincident with the implementation of permanent rates; and
- E. Grant such other relief as is just and reasonable and consistent with the public interest.

Respectfully submitted,

LIBERTY UTILITIES (ENERGYNORTH NATURAL
GAS) CORP. D/B/A LIBERTY UTILITIES
By its Attorney,



Date: November 27, 2019

By: _____

Michael J. Sheehan, Esq. #6590
116 North Main Street
Concord, NH 03301
Telephone (603) 724-2135
Michael.Sheehan@libertyutilities.com

Certificate of Service

I hereby certify that on November 27, 2019, a copy of this Petition for Permanent and Temporary Rates has been electronically forwarded to the service list in this docket.



Michael J. Sheehan