

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DG 21-128**

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

**Property Tax Adjustment Mechanism – Tax Year 2020  
Reconciliation and Rate Adjustment**

**Order *Nisi* on Property Tax Rate Adjustment**

**O R D E R N O. 26,554**

**December 9, 2021**

In this order, the Commission approves recovery of \$1,972,667 in property tax expenses incurred between April 1, 2020 and March 31, 2021. Recovery will occur through the Property Tax Adjustment Mechanism and be implemented as a component of the Local Distribution Adjustment Clause. The adjustment will add a \$0.0142 per therm rate to customer bills beginning January 1, 2022.

**I. PROCEDURAL HISTORY**

On September 2, 2021, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (Liberty) filed a request to recover, pursuant to a Property Tax Adjustment Mechanism (PTAM) approved by the Commission in Order No. 26,505 (July 30, 2021), the amount of municipal property taxes that Liberty paid during the April 1, 2020 to March 31, 2021 tax year, which was not included in distribution rates. A hearing was held in this matter on October 26, 2021. On November 1, 2021, the Commission issued Order No. 26,540, requiring Liberty to recalculate its property tax adjustment amount and to propose a recovery of the property tax adjustment through the Local Distribution Adjustment Clause (LDAC).<sup>1</sup> On November 17, 2021, Liberty filed

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<sup>1</sup> For a more detailed description of the parties positions see Order No. 26,540.

testimony and exhibits proposing to recover the PTAM through the LDAC as suggested by the Commission.

The initial filing and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are available on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-128.htm>

## **II. BACKGROUND**

In Order No. 26,505, the Commission approved a settlement agreement providing for a PTAM, which would permit Liberty to recover or refund the difference between the amount of municipal property taxes paid during a specific tax year and the amount to pay these taxes derived from distribution rates (Settlement Agreement). The Commission found that the terms of Liberty's proposed PTAM were consistent with the requirements of RSA 72:8-e. As described in Section 6 of the Settlement Agreement, the PTAM distribution rate adjustment would be determined annually, beginning with the April 1, 2020 to March 31, 2021 tax year.

## **III. POSITIONS OF THE PARTIES**

### **A. Liberty**

Liberty calculated the amount of property taxes included in distribution rates as of March 31, 2021, which is \$8,924,897. The total amount of municipal property tax bills for the 2020 Property Tax year that the Company received during calendar year 2020 was \$10,897,564. The Company is proposing to recover in this proceeding the difference between what is currently in rates (\$8,924,897) and the total bills (\$10,897,564), or \$1,972,667. The PTAM factor proposed in this filing is \$0.0120 per therm, which is intended to recover the \$1,972,667 over the remaining 11 months until the next overall LDAC adjustment on November 1, 2022. The PTAM factor of

\$0.0120 per therm was calculated by dividing the incremental property taxes to be recovered (\$1,972,667) by the estimated sales over the 11 months from December 1, 2021, through October 31, 2022 (164,632,254 therms).

In order to collect this amount, the Company is proposing new language in the LDAC section of the tariff describing: (1) the PTAM as a new component of the LDAC and how the annual adjustment is calculated; (2) the reconciliation process; and (3) the procedure for implementing the annual adjustments. The proposed tariff also deletes reference to the PTAM in the decoupling section of the tariff.

According to Liberty, Energy supported Liberty's request to recover the PTAM through its LDAC.

#### **B. Department of Energy**

Department of Energy (Energy) supported Liberty's request for a PTAM and for recovery of \$1,972,667 for PTAM.

#### **IV. COMMISSION ANALYSIS**

In Order No. 26,540 (November 1, 2021), the Commission determined that \$1,972,667 is the correct amount to be recovered through the PTAM for tax year 2020. In this docket, the Commission will consider whether Liberty's proposed PTAM rate adjustment for inclusion in LDAC is consistent with Commission Order No. 26,505 and Order No. 26,540, and whether Liberty appropriately calculated the per therm surcharge to be included in the LDAC to recover the PTAM.

The Commission finds that in allowing recovery of the PTAM for tax year 2020 over 11 months (December 1, 2021 to October 31, 2022), Liberty's proposal has appropriately calculated the per therm PTAM rate to be included in the LDAC. However, as the Commission is approving the billing of the charge beginning

January 1, 2022 instead of December 1, 2021, the per therm PTAM rate is adjusted up to account for the recovery of the PTAM for tax year 2020 over 10 months, not 11 months. With \$1,972,667 to be recovered through the PTAM for tax year 2020, and projected therms of 138,861,275 for the period January 1, 2022 to October 31, 2022, the Commission approves a PTAM rate of \$0.0142 per therm to be included in the LDAC, i.e. \$1,972,667 divided by 138,861,275 therms.

**Based upon the foregoing, it is hereby**

**ORDERED NISI**, that subject to the effective date below, Liberty's request to recover \$1,972,667, for property taxes incurred in tax year April 1, 2020, through March 31, 2021, through the LDAC, as described in this order, with billing of this charge to begin on the effective date of this order is APPROVED; and it is

**FURTHER ORDERED**, that the Liberty shall cause a copy of this order to be published on its website within two business days of the issuance of this order, to be documented by an affidavit filed with the Commission on or before December 15, 2021; and it is

**FURTHER ORDERED**, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than December 23, 2021, for the Commission's consideration; and it is


**FURTHER ORDERED**, that any party interested in responding to such comments or request for hearing shall do so no later than December 28, 2021; and it is

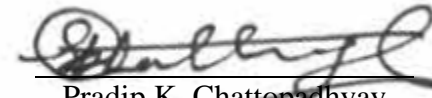
**FURTHER ORDERED**, that this order shall be effective December 31, 2021, unless Liberty fails to satisfy the publication obligation set forth above or the

Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

**FURTHER ORDERED**, that the Liberty shall file a compliance tariff with the Commission on or before 15 days, in accordance with N.H. Code Admin. Rules Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this ninth day of December, 2021.

  
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Daniel C. Goldner  
Chairman

  
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Pradip K. Chattopadhyay  
Commissioner

## Service List - Docket Related

Docket# : 21-128

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