BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION

IN RE:	)	
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LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORP. 2023 - 2024 GAS SUPPLY PLAN	)	**DOCKET NO. 45083**
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	)	

STIPULATION

The Georgia Public Service Commission Natural Gas Staff (a "Party" to this Stipulation and hereinafter referred to within this Stipulation as "Staff"), and Liberty Utilities (Peach State Natural Gas) Corp. (a "Party" to this Stipulation and hereinafter referred to within this Stipulation as either "Liberty" or the "Company") agree to the following Stipulation as a resolution to the Company's 2023 – 2024 Gas Supply Plan. The Commission should approve the Company's 2023 – 2024 Gas Supply Plan subject to the following conditions:

1. **Adjustments to PGA Factor**

   Liberty shall modify its proposed PGA Factor to be effective October 1, 2023, to include an imbalance adjustment for the projected over/under recovery for the 2022 – 2023 recovery year as required by O.C.G.A § 46-2-26.5(e).

   In light of relatively large changes to the cost of natural gas that are occurring between (a) the usual time to file PGA Factors in the middle of each month, and (b) the effective date of those new PGA rates at the beginning of the following month, Staff and Liberty request that the Commission exercise its authority under O.C.G.A. § 46-2-26.5(i) to direct Liberty to file PGA Factors near to the date they will become effective, if needed to more accurately set a PGA rate. A similar provision was included in last year's Gas Supply Plan approval. With the Commission's approval of this Stipulation, Liberty will be authorized to continue to file changes in PGA rates that will become effective in as few as two days following the PGA rate filing. This directive for Docket 45083 shall be effective for the period beginning with the issuance of an Order in this docket through the end of the 2023 – 2024 Gas Supply Plan Year (September 30, 2023).

2. **Monthly and Quarterly Reports**

   Liberty shall continue to make monthly and quarterly filings of gas costs and recovery positions for the 2023 – 2024 Plan Year, pursuant to O.C.G.A. § 46-2-26.5 and Commission Utility Rule 515-7-2-.08. This information will continue to be filed as an Excel spreadsheet with live and unlocked formulas.

3. **2023 - 2024 Plan Year Design Day Forecast and 2023 – 2024 Gas Supply Plan**

   Liberty shall file its Design Day Forecast with the Commission for the 2024 – 2025 Plan Year no later than 4:00 p.m. on June 3, 2024, along with documentation regarding its demand forecasting methodology (in an Excel spreadsheet with enabled formulas intact), as further described below. Liberty shall file its 2024 – 2025 Gas Supply Plan no later than 4:00 p.m. on July 1, 2024.

4. Design Day Forecast Methodology.

a) Both Parties agree that it is important to forecast accurately the design day system requirements. For the 2023 – 2024 Plan Year, the Liberty Design Day Forecast is approved as filed on August 7, 2023 based on HDDs. Liberty has incorporated a forecast for the 2023 – 2024 Plan Year that replicates the methodology approved by the Commission in the last Gas Supply Plan filings in Georgia by the Commission's approval of the Addendum to the Stipulation (Docket No. 44392, Order dated November 8, 2022).

For the 2024 – 2025 Gas Supply Plan, Liberty will file two versions of the forecasts replicating that same methodology using (a) HDDs, and (b) EDDs. The Company and Staff have agreed that Liberty will file using HDDs and EDDs so that Staff and Liberty can study the merits and accuracy of each approach over the next three plans. Unless the Parties agree or the Commission orders otherwise, the array of assets within the 2024 – 2025 Gas Supply Plan shall be sufficient to meet the forecast based on HDDs.

b) In the event that either Party to this Stipulation identifies other changes to the existing methodology that it determines will improve the forecasts, that Party may inform the other Party so that if the changes were to be agreed to, either party may propose such changes in future Gas Supply Plan filings, together with information and materials to support such changes, if any. If either Party seeks to propose a demand forecast methodology for Liberty's 2024 – 2025 Gas Supply Plan that is different from Liberty's demand forecast methodologies contained in the approved 2023 – 2024 Gas Supply Plan, the Company and Staff shall meet sufficiently prior to the June 3, 2024 demand forecast filing to discuss the specific proposed changes. Nonetheless, in addition to any other forecast that may be filed by the Company for the 2024 – 2025 Plan Year, Liberty shall include two versions of a Design Day Forecast (as provided in subsection (a) above) based on the methodology filed by the Company and approved by the Commission in this Gas Supply Plan filing, specifically including, but not limited to:

i. A heating degree day requirement (as well as an effective degree day requirement) based on the coldest day in Columbus and the coldest day in Gainesville since 1984;

ii. The regression methodology used by Liberty for this docket;

iii. The Quandt-Andrews Break Point Test;

iv. A report of the test results for the 2022 – 2023 Plan Year; and

v. The Design Day Requirement as calculated above shall further be adjusted not to exceed a five percent (5%) reserve margin, unless otherwise approved by the Commission.

This requirement to file (in addition to any other forecasts that Liberty may file for the 2024 – 2025 Plan Year) a forecast based on the methodology filed by Liberty for this docket and described within this paragraph is not intended to and shall not prejudge the

appropriateness of a particular forecast methodology for the 2024 – 2025 Plan Year, but rather shall provide a basis for comparison of this current methodology to modifications, if any, proposed by the Company in the 2024 – 2025 Gas Supply Plan filing.

5. Peaking Services for Gainesville Service Areas

The approved Stipulation in the 2022 – 2023 Plan Year (Docket No. 44392) authorized replacement of expiring bundled citygate peaking services for the Gainesville Service Areas, and the Company is in the process of doing so. The optimal MDQ level for this replacement contract is forecasted to be 3,600 Dth/day for the Gainesville Service areas and 6,500 Dth/day for the Columbus Service areas for the 2023 – 2024 Gas Supply Plan Year. These levels of citygate bundled peaking services would keep the overall array of available assets approximately equal to each service area's forecasted firm customers' design day needs (including a 5% reserve margin). Liberty is authorized to execute such contracts with one or more parties in one or more contracts to achieve the optimal MDQ levels. Inasmuch as the replacement peaking service contract may expire during the 2023 – 2024 Gas Supply Plan Year, the Company has requested to either renew or replace any such expiring peaking service contract during this Plan Year. Consistent with prior practices, the Company shall keep the Staff informed of the then-current market conditions and the Request for Proposals (RFPs) that it undertakes to obtain the new Peaking Service. The new Peaking Services shall be available for no less than five (5) days of each winter period and may be secured for one or two winter periods. Consistent with prior peaking service authorizations, Liberty is authorized to use a "best cost" acquisition strategy, if Liberty can obtain a higher level of service and/or a longer duration of service at a cost no greater than the optimal peaking services. (For purposes of illustration, if the optimal peaking service were to be 1,500 Dth/Day for five days, but Liberty could obtain a 1,700 Dth/Day seven-day service for the same price, Liberty is also authorized to acquire the longer duration and/or the higher delivery level service.)

6. Hedging.

a) Liberty may continue to utilize a rolling 12-18 month hedging implementation period that is layered ratably over the entire period, unless there are extraordinary events in any given month, for up to 30% of the anticipated winter purchases (the "Authorized Amounts"), which for the 2023 – 2024 winter is approximately 525,000 DTH.[1] In the event of such an extraordinary event that warrants a suspension or acceleration of planned hedging volumes, the Company will file information with the Commission within thirty (30) days regarding the occurrence of any such extraordinary event. Additionally, the Company may hedge up to one-third of the Authorized Amounts (that is, up to 10% of the anticipated winter purchases, which for each of the 2023 – 2027 winter periods is approximately 175,000 DTH[2]) for as much as three winters in advance. These three-winter-ahead hedges may be done in fewer transactions than the other authorized hedging transactions (e.g., the 12-18 month hedging implementation

[1] *See* Exhibit III, page 4 of the Company's Gas Supply Plan filing, sponsored by the pre-filed direct Testimony of Tatiania Earhart, filed June 30, 2023 in this docket.

[2] Id.

period that is layered ratably over the entire period), based on the Company's assessment of market conditions.

b) The costs associated with the approved hedging program shall be recovered through the PGA factor pursuant to O.C.G.A § 46-2-26.5.[3]

c) Liberty shall continue to maintain records involving all hedging transactions on a monthly basis and submit a report to the Commission after the end of each calendar quarter. The report shall identify each hedging contract, the date of the transaction, the cost of the transaction, and the price reflected in the contract. These reports shall be filed no later than fifteen (15) days after the last day of each quarter.

7. **The Performance-Based Rate ("PBR") program.**

a) The Company shall continue the PBR program under the current terms and conditions beginning October 1, 2023, and continuing through September 30, 2024.

b) The Company shall also continue the monthly PBR filings.

8. **Requests for Proposals (RFP) for Supply and Asset Management Agreements (AMAs).**

The Company typically has contracted for its Georgia base load and storage supplies under one or more Commission-authorized Supply and Asset Management Agreements ("AMAs"). Inasmuch as the prior AMAs were scheduled to expire during the 2022 – 2023 Plan Year, Liberty requested and was granted authority within the 2022 – 2023 Plan Year (Docket No. 44392) to enter into new AMAs (either independent of or in connection with peaking service contracts) for the Gainesville Service Areas and the Columbus Service Areas. The Company solicited both fixed fees as well as sharing arrangements (or some combination thereof) for the AMAs for up to 24-month durations, for each of the two major service areas. Consistent with prior practices, the Company kept the Staff informed of the then-current market conditions and the Requests for Proposals (RFPs) that it undertook to obtain the AMAs. Liberty has entered into new two-year AMAs based on the process set forth above.

9. **Payment and/or Reimbursement of Certain Expenses.**

In conjunction with Staff's ongoing review of the annual Gas Supply Plan and reviewing the relative accuracy of using HDDs or EDDs in the forecasting models, the Company shall pay for any approved Staff expenses, in an amount not to exceed $10,000. The

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[5] The first five hedging programs for United Cities and Atmos Energy (following the acquisition of United Cities by Atmos Energy) were authorized pursuant to O.C.G.A § 46-2-20, in response to Applications filed by the United Cities and/or Atmos Energy requesting authority to engage in hedging in order to mitigate some of the price volatility of natural gas commodity (*See* Docket Numbers 14155, 14992, 16864, 18631, and 20115). In each of those dockets, the Company was authorized to book the difference in the hedged price and the benchmark price to Account 191 Deferred Gas Costs). Beginning with the 2006 - 2007 Gas Supply Plan Year (Docket No. 22874), Staff and Atmos Energy agreed, and the Commission approved, that the hedging programs should be included within the Gas Supply Plan filings. Hedges are transactions involving rights to buy and sell natural gas. As such, costs related to hedging are "purchased gas costs" as defined in O.C.G.A § 46-2-26.5(a)(7). Permitting recovery of hedging costs in this Stipulation is consistent with the well-established Commission precedent of including such costs as purchased gas costs when the hedging program is part of an approved gas supply plan (*See, e.g.,* Docket Numbers 44392, 43811, 42965, 42316, 41870, 41154, 39388, 38137, 36794, 35876, 34118, 31492, 29554, and 27168).

amounts paid by the Company for these expenses shall be deemed a necessary cost of providing service, and Liberty shall be entitled to recover the full amount of any cost charges to the Utility pursuant to O.C.G.A. 46-2-33.

10. Request for Commission Approval.

The Parties request that the Commission approve the Company's 2023 – 2024 Gas Supply Plan as filed and as modified by the provisions set forth above. If this Stipulation is not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall be void and of no further effect and shall not prejudice any position taken by either Party and shall not be admissible evidence in this or in any other proceeding.

Agreed to this 7th day of September, 2023.

Title: *Director, Natural Gas Unit*
On behalf of
Georgia Public Service Commission Staff

Title: *President*
On behalf of
Liberty Utilities (Peach State Natural Gas) Corp.