



DECISION

IN THE MATTER OF a review of outstanding issues pertaining to the methodology of calculating, allocating, and financially settling lost and unaccounted for gas.

(Matter No. 521)

October 20, 2022

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

IN THE MATTER OF a review of outstanding issues pertaining to the methodology of calculating, allocating, and financially settling lost and unaccounted for gas.

(Matter No. 521)

NEW BRUNSWICK ENERGY AND UTILITIES BOARD:

Chairperson: François Beaulieu

Members: John Patrick Herron

Stephanie Wilson

Counsel for Board Staff: Véronique Otis

Chief Clerk: Kathleen Mitchell

INTERVENERS:

ECNG Energy LP/Arauco North America: Althea Rothwell

Liberty Utilities (Gas New Brunswick) LP: Len Hoyt, K.C.

Park Fuels Ltd.: Matthew LeRoy

ACTING PUBLIC INTERVENER: Richard Williams, K.C.

A. Introduction

- [1] This decision arises out of a review by the New Brunswick Energy and Utilities Board (Board) related to the methodology of calculating, allocating, and financially settling lost and unaccounted for gas on the Liberty Utilities (Gas New Brunswick) LP (Liberty) distribution system.
- [2] This review was initiated in Matter 508. At the conclusion of that proceeding, the Board issued a letter dated November 25, 2021 (November 25 Letter) approving a proposal from Liberty, for a new methodology for calculation and settlement of lost and unaccounted for gas volumes. This approval also included an implementation plan.
- [3] The new methodology had resulted from a working group facilitated by independent consultant, Mr. Ken Quesnelle. He filed a report on October 25, 2021 (Final Report). The Final Report included views of the members of the working group on a set of outstanding issues that were not addressed in the Liberty proposed methodology. In the November 25 Letter, the Board set a separate process to resolve these outstanding issues.
- [4] Mr. Quesnelle was further engaged to facilitate a similar working group to identify and define the outstanding issues and to provide recommendations on how the Board should address them. Mr. Quesnelle filed a follow-up report on March 7, 2022 (Follow-up Report). He recommended a process by which a list of proposed questions would be submitted to Liberty for written responses. Following Liberty's answers, Marketers would file their own submissions on those questions, which would be followed by a final reply from Liberty.
- [5] In an Order dated May 24, the Board indicated that it would review these outstanding issues and directed Liberty to prepare written responses to the proposed questions set out in the Follow-up Report. Liberty filed its responses on June 10.
- [6] The Board held a pre-hearing conference by video conference on June 14, where ECNG Energy LP/Arauco North America (ECNG), Liberty, and New England NG Supply Limited (New England NG) were all granted intervener status. Park Fuels Ltd. (Park Fuels) filed a request to intervene on June 16 and was granted intervener status on June 20. ECNG and New England NG did not file evidence with the Board.

- [7] On July 6, the day scheduled for Marketers to file written responses to the proposed questions and Liberty's responses, Park Fuels filed numerous questions for Liberty. No other Marketer filed responses.
- [8] On July 12, Mr. Len Hoyt, counsel for Liberty, wrote to the Board seeking directions. Mr. Hoyt indicated that Liberty remained unclear on Park Fuels' specific concerns. He suggested that it was incumbent on Park Fuels to describe its concerns supported by financial results for Liberty to reply.
- [9] A hearing was held by video conference on September 8. The Board heard oral submissions from Liberty. Mr. Matthew LeRoy, on behalf of Park Fuels, also made submissions to the Board and was provided with an opportunity to examine Liberty witnesses, Mr. Paul Hamilton and Mr. David Lavigne.
- [10] Mr. Richard Williams, the Acting Public Intervener, made oral submissions at the hearing.

B. Legislative Framework

- [11] The following provision of the *Gas Distribution Act, 1999*, S.N.B. 1999, c. G-2.11 is relevant to this proceeding:

71(1) The Board shall supervise the activities of gas distributors, gas marketers, customers of gas distributors and other persons subject to this Act and has full jurisdiction to inquire into, hear and determine any matter

[...]

(b) where it appears to the Board that the circumstances may require it, in the public interest, to make any order or give any direction, leave or approval that by law it is authorized to make or give, or concerning any matter, act or thing that by this Act or any regulation, rule, certificate, order or direction is prohibited or required to be done.

C. Analysis

- [12] The Follow-up Report stated that no resolutions to outstanding issues had been identified and agreed to by working group members. All issues identified as outstanding were

considered best dealt with in a Board led process intended to fully expose the details and impacts of the identified elements of the lost and unaccounted for gas management process.

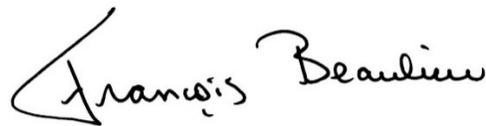
- [13] The identified outstanding issues that were identified in the Follow-up Report included: (a) the New Brunswick natural gas marketplace and other jurisdictions; (b) Liberty's process of calculating non-Advanced Meter Reading (AMR); (c) AMR technology; (d) the use of the estimation algorithm; (e) frequency of allocations; and (f) metering accuracy.
- [14] The Board finds that Liberty has responded fully to all the questions posed in the Follow-up Report. No Marketers placed any evidence before the Board in this proceeding to establish any concerns with the existing process; however, Park Fuels did raise a concern on the allocation process, which the Board will deal with in the following paragraphs.
- [15] Mr. LeRoy raised a set of concerns related to Liberty's gathering and calculating non-AMR customers' monthly consumption, which involves the use of an algorithm. The Follow-up Report states that the algorithm includes both historical usage and anticipated usage informed by the forecasted weather to fill the gap from the last actual meter read to the end of the billing period.
- [16] Mr. LeRoy expressed a concern that, historically, Park Fuels had been allocated more gas than the quantity it sells. He argued that the over-allocation of daily gas quantities is significantly higher for Park Fuels than for the average Marketer on the system and suggested that some Marketers are "[...] probably billing more than what they are buying." Mr. LeRoy also argued that the algorithm and metering processes are flawed, or billing errors are occurring.
- [17] The Acting Public Intervener, Mr. Richard Williams, submitted that there was insufficient information to draw a conclusion on any of the issues raised. He submitted that the onus is on the Marketers to prove that there is a problem, and to do that, they need to submit evidence on the problem. Mr. Williams stated that, in the future, Park Fuels or other Marketers could take the appropriate steps and apply to the Board to address their concerns in more details.
- [18] During the proceeding, Mr. Hoyt asked the Board to confirm that no additional adjustments were necessary to Liberty's methodology of calculating, allocating, and financially settling lost and unaccounted for gas.

[19] As no supporting evidence was presented during the proceeding, the Board is not persuaded that a deviation from the practice approved in the November 25 Letter is warranted. The Board finds that no additional adjustments to the accepted methodology are necessary at this time.

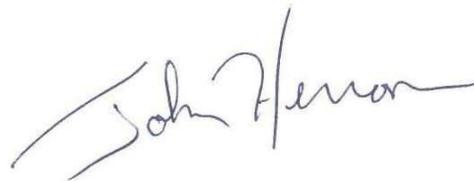
D. Conclusion

[20] Despite the foregoing, the Board concludes that it is appropriate to better understand the concern raised by Park Fuels in this proceeding. Accordingly, Board staff is directed to consider the concern and request information or data as required from Liberty and Park Fuels. Once Board staff has reviewed the information or data by the parties, the Board will review the concern further and will advise if further steps are necessary.

Dated at Saint John, New Brunswick, this 20th day of October 2022.



François Beaulieu
Chairperson



John Patrick Herron
Member



Stephanie Wilson
Member