

## SUMMARY

The Department of Public Utilities (“Department”) issues this Order addressing the petition filed by Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty (“Company” or “Liberty”) on June 13, 2025, seeking an increase to its gas base distribution rates. The Department held four public hearings in September and October 2025 and invited written comments. The Department recognizes the economic impact that higher gas base distribution rates have on individual customers, businesses, and the surrounding communities. The Department appreciates hearing from numerous residents, municipal officials, and business owners who shared personal experiences struggling with the high energy costs and their opinions regarding the Company’s petition. These comments and opinions inform our decision.

Liberty was last granted an increase in base distribution rates in 2016. In the current proceeding, Liberty sought to increase its gas base distribution rates to generate approximately \$55.8 million in additional revenues. The net effect of Liberty’s proposal would have been a 55.5 percent rate increase, on average, across all customers on a total bill basis. The proposed base distribution rate increase was in addition to changes in other rates, such as reconciling mechanism rates, that occur during the year.

The Department conducted an investigation during which we received a proposed settlement agreement (“Settlement”) from the following parties with the intent to resolve all issues in this proceeding: Liberty; the Attorney General, acting in her capacity as the Commonwealth’s ratepayer advocate; the Low-Income Network; and Conservation Law Foundation (together, “the Settling Parties”). This Order approves the Settlement.

The Settling Parties agree to reduce the Company’s base distribution rate increase to \$45.3 million in additional revenues. The Settlement makes Liberty eligible to reset certain components of rate base in base distribution rates twice during the term of the Settlement, first for effect July 1, 2027, and second for effect July 1, 2028. Furthermore, the Settlement provides that Liberty shall be eligible to increase base distribution rates to account for the hiring of employees incremental to its 115 full time employee headcount as of September 30, 2025, if the Company meets certain conditions. The Settlement requires the Company to incorporate the low-income discount rate framework with six income tiers established by the Department in its Energy Burden Investigation before the next heating season, which begins on November 1, 2026.

The Settlement includes several customer and community enhancements. Under the Settlement, Liberty shall pay \$250,000 to the Attorney General to fund programs or initiatives to assist the Company's customers with paying or lowering their natural gas bills. Starting in 2027, Liberty's residential heating customers will receive a \$20 bill credit during each January and February for the term of the Settlement, with Liberty recovering the revenue amounts associated with the bill credits from customers during the off-peak months, without carrying charges. Further, the Company commits to work with the Low-Income Network's member organization, Citizens for Citizens, to improve service to low-income customers by undertaking the following: (1) starting the first full month after its approval, for a year and on a monthly basis, a Liberty customer service representative will attend in person office hours for Citizens for Citizens personnel and its clients; (2) implementing an amended discount rate recertification period to allow customers to enroll for a twelve-month period and to recertify eligibility at twelve month increments; (3) implementing a black-out period from November 1 to April 1 during which no customers will be auto enrolled in the Company's arrearage management program; and (4) instituting the changes necessary to allow customers to self-qualify to participate in the low-income discount rate.

The Department reviews all available information to ensure that a proposed settlement is consistent with Department precedent and the public interest. The Department is mindful of the burdens associated with higher bills. The Department recognizes that the magnitude of the proposed rate increase, even as reduced in the Settlement, is significant. We also must ensure that the rates we approve today are sufficient to ensure the financial viability of the Company; otherwise it cannot serve its customers. In doing so, the Department must balance the concerns of customers and the utilities who serve them, summed up in our goal of providing safe and reliable service at the lowest possible cost. This case is particularly challenging given the length of time since the Company's last petition for a base distribution rate increase and the comparative size of its revenue deficiency.

Liberty is directed to file new tariffs reflecting the base distribution rate increase of \$45.3 million. Liberty is approved to begin charging new base distribution rates on April 1, 2026. The Company will not seek to increase or redesign base distribution rates for tariffs of general applicability to become effective prior to November 1, 2029 beyond the terms in the Settlement.