

1 STATE OF NEW HAMPSHIRE  
2 PUBLIC UTILITIES COMMISSION  
3

4 October 23, 2008 - 1:36 p.m.  
5 Concord, New Hampshire  
6

7  
8 RE: DG 08-117  
9 NEW HAMPSHIRE GAS CORPORATION:  
10 Winter 2008-2009 Cost of Gas Adjustment.  
11

12 PRESENT: Chairman Thomas B. Getz, Presiding  
13 Commissioner Graham J. Morrison  
14 Commissioner Clifton C. Below  
15

16  
17 Connie Fillion, Clerk  
18

19 APPEARANCES: Reptg. New Hampshire Gas Corporation:  
20 Meabh T. Purcell, Esq. (Dewey & LeBoeuf)  
21

22 Reptg. PUC Staff:  
23 Edward N. Damon, Esq.  
24

25 Court Reporter: Steven E. Patnaude, LCR No. 52

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2

## I N D E X

3

PAGE NO.

4

WITNESS PANEL: JENNIFER BOUCHER  
DAVID GRANDE

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Direct examination by Ms. Purcell

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Cross-examination by Mr. Damon

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WITNESS: ROBERT J. WYATT

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Direct examination by Mr. Damon

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## E X H I B I T S

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EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
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1	Original Cost of Gas filing by NHGC (09-15-08)	6
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2	Revised filing of the Cost of Gas Adjustment (10-22-08)	7
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3	Testimony of Robert J. Wyatt	premarked
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CLOSING STATEMENTS BY:

22

Mr. Damon 20

23

Ms. Purcell 21

24

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1 P R O C E E D I N G S

2 CHAIRMAN GETZ: Okay. Good afternoon.

3 We'll open the hearing in docket DG 08-117. On  
4 September 16, 2008, New Hampshire Gas Corporation filed  
5 revisions to its tariff providing for cost of gas rates  
6 for the Winter Period November 1, 2008 through April 30,  
7 2009. The proposed rate is \$2.2208 per therm, a 45.6  
8 cents per therm increase from the average weighted rate  
9 from last winter. As a result of the change in the  
10 deferred revenue surcharge and the proposed COG change, a  
11 typical residential heating customer's bill would increase  
12 by 17.5 percent over last winter. Issued an order of  
13 notice on September 17th setting the hearing for this  
14 afternoon.

15 Can we take appearances please.

16 MS. PURCELL: Good afternoon,  
17 Commissioners. Meabh Purcell, from Dewey & LeBoeuf,  
18 representing the New Hampshire Gas Corporation.

19 CHAIRMAN GETZ: Good afternoon.

20 CMSR. MORRISON: Good afternoon.

21 CMSR. BELOW: Good afternoon.

22 MR. DAMON: Good afternoon,  
23 Commissioners. Edward Damon, for the Staff, and with me  
24 are Robert Wyatt and Stephen Frink.

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1 CHAIRMAN GETZ: Good afternoon.

2 CMSR. MORRISON: Good afternoon.

3 CMSR. BELOW: Good afternoon.

4 CHAIRMAN GETZ: Ms. Purcell.

5 MS. PURCELL: Yes, I would -- I have  
6 given the return of service to the clerk already, so she  
7 has that.

8 CHAIRMAN GETZ: Thank you.

9 MS. PURCELL: I would like to ask  
10 Ms. Boucher and Mr. Grande to take the stand as a panel.

11 CHAIRMAN GETZ: Okay.

12 MS. PURCELL: I would just like to  
13 confirm that the Commissioners all have what we just sent  
14 by Federal Express and you would have just received today?

15 CHAIRMAN GETZ: Yes.

16 MS. PURCELL: Okay. Thank you.

17 (Whereupon Jennifer Boucher and David  
18 Grande was duly sworn and cautioned by  
19 the Court Reporter.)

20 MS. PURCELL: Thank you.

21 JENNIFER BOUCHER, SWORN

22 DAVID GRANDE, SWORN

23 DIRECT EXAMINATION

24 BY MS. PURCELL:

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[WITNESS PANEL: Boucher|Grande]

- 1 Q. Ms. Boucher, could you please state your full name,  
2 your position and the business address for the record.
- 3 A. (Boucher) Sure. My name is Jennifer Boucher. I am the  
4 Manager of Regulatory Economics for the Berkshire Gas  
5 Company. And, my business address is 115 Cheshire  
6 Road, Pittsfield, Massachusetts.
- 7 Q. Thank you. And, does Berkshire Gas Company provide  
8 affiliate services to New Hampshire Gas Corporation?
- 9 A. (Boucher) Yes. The Berkshire Gas Company provides  
10 affiliate services to New Hampshire Gas Corporation.
- 11 Q. Thank you. And, Mr. Grande, could you please state  
12 your name and your business address.
- 13 A. (Grande) Yes. I'm David Grande. I'm the Manager of  
14 Operations for the Berkshire Gas Company, and the  
15 General Manager for New Hampshire Gas Corp. My primary  
16 business address is 115 Cheshire Road, Pittsfield,  
17 Mass.
- 18 Q. Thank you. Ms. Boucher, are you the same Jennifer  
19 Boucher who submitted the proposed CGA rate on behalf  
20 of New Hampshire Gas Corp. for the period November 1 to  
21 April 30th?
- 22 A. (Boucher) Yes, I am.
- 23 Q. Thank you. And, Mr. Boucher, did you prefile testimony  
24 in this case? Or, I'm sorry, Mr. Grande.

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[WITNESS PANEL: Boucher|Grande]

1 A. (Grande) No, I did not.

2 Q. And, could you state what the purpose of your testimony  
3 is today?

4 A. (Grande) Yes. I am here today to answer general  
5 operating questions from either the Commissioners or  
6 Staff.

7 Q. Thank you. Ms. Boucher, I'm going to show you a copy  
8 of a document dated September 15th, and ask if you  
9 could identify that please.

10 A. (Boucher) Yes, that is the Company's initial Winter  
11 2008-2009 cost of gas filing.

12 MS. PURCELL: Thank you. I would ask  
13 that this be marked "New Hampshire Gas Exhibit 1" for  
14 identification.

15 CHAIRMAN GETZ: So marked.

16 (The document, as described, was  
17 herewith marked as Exhibit 1 for  
18 identification.)

19 MS. PURCELL: Thank you.

20 BY MS. PURCELL:

21 Q. And, Ms. Boucher, since your initial filing, have you  
22 made any revisions to the proposed CGA?

23 A. (Boucher) Yes, we have.

24 Q. And, did you file -- did the Company file that revision

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[WITNESS PANEL: Boucher|Grande]

1 on October 22nd?

2 A. (Boucher) Yes, we did.

3 Q. Thank you. I'm going to show you another document,  
4 this one is dated October 22nd, and ask if you can  
5 confirm that this is the revised CGA filing?

6 A. (Boucher) Yes, it is.

7 MS. PURCELL: I'd ask that this be  
8 marked as "New Hampshire Gas Exhibit 2".

9 CHAIRMAN GETZ: So marked.

10 (The document, as described, was  
11 herewith marked as Exhibit 2 for  
12 identification.)

13 BY MS. PURCELL:

14 Q. Ms. Boucher, were the documents that have just been  
15 marked for identification as "Exhibits 1" and "2", were  
16 they prepared by you or under your direction and  
17 supervision?

18 A. (Boucher) Yes, they were.

19 Q. And, where in the Exhibit 2 could we find the Company's  
20 proposed CGA rate?

21 A. (Boucher) On around the second page, the title at the  
22 top right-hand corner of the document is "35th Revised  
23 Page 24". About halfway down the page, on around Line  
24 27, the Company's Fixed Price Option cost of gas rate

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[WITNESS PANEL: Boucher|Grande]

1 is shown at \$2.2408. And, a little further down the  
2 page, on approximately Line 43, the Company's Non-Fixed  
3 Price Option cost of gas rate is \$1.8139.

4 Q. Thank you. And, could you please explain the  
5 derivation of the proposed rate and explain how it  
6 changed from the Company's September 15th filing?

7 A. (Boucher) Certainly. In the Company's initial filing  
8 on September 15th, the Fixed Price Option cost of gas  
9 rate was set, and that was determined by taking the  
10 original Non-Fixed Price Option rate and adding a  
11 premium of two cents to that, to arrive at the \$2.240  
12 rate. Subsequent to that filing, the cost of gas, the  
13 actual commodity price of propane has changed, and the  
14 level of subscription to the Fixed Price Option Program  
15 has changed. And, as a result, the Company has  
16 revised, in Exhibit 2, the Non-Fixed Price Option cost  
17 of gas rate to \$1.8139.

18 Q. Thank you. And, could you compare the proposed CGA  
19 rate in this filing to last winter's, both the FPO and  
20 the non-FPO rates?

21 A. (Boucher) Certainly. The Fixed Price Option cost of  
22 gas rate of 2.2408 is approximately 72 cents per therm  
23 higher than the winter -- the previous winter's FPO  
24 rate of 1.5212. For the Non-Fixed Price Option, the

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[WITNESS PANEL: Boucher|Grande]

1 1.8139 per therm for customers not participating in the  
2 Fixed Price Option Program, it's an increase of about  
3 five cents per therm over the previous winter's cost of  
4 gas rate of approximately \$1.76.

5 Q. Thank you. And, Ms. Boucher, have you done an analysis  
6 of the impact of the proposed rate on a typical  
7 customer bill? And, can you point to where that is in  
8 the filing?

9 A. (Boucher) Sure. On Exhibit 2, if you can turn to  
10 Supplemental Schedule A, this schedule provides a  
11 comparison of the Fixed Price Option to the previous  
12 year. And, in the middle of the page, at the bottom,  
13 this schedule shows that the seasonal total bill  
14 difference for a Fixed Price Option customer is about  
15 \$691 greater than last year, the estimated increase.  
16 And, then, turning to Supplemental Schedule B, at the  
17 bottom of the page, for a Non-Fixed Price Option  
18 customer, the expected total bill increase from the  
19 previous year is about \$53.

20 Q. Thank you. And, Ms. Boucher, have you had an  
21 opportunity to review the testimony filed by Mr. Wyatt  
22 on behalf of the Commission Staff?

23 A. (Boucher) Yes, I have.

24 Q. And, do you have anything, any comment to make on that

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[WITNESS PANEL: Boucher|Grande]

1 testimony?

2 A. (Boucher) I would like to say that the Company fully  
3 supports Mr. Wyatt's proposed modification to the  
4 monthly adjustment mechanism.

5 MS. PURCELL: Thank you. The Company  
6 has no further questions at this time. Both Ms. Boucher  
7 and Mr. Grande are available for questions.

8 CHAIRMAN GETZ: Okay. Thank you.  
9 Mr. Damon.

10 MR. DAMON: Ms. Boucher, a couple of  
11 questions for you.

12 WITNESS BOUCHER: Sure.

13 CROSS-EXAMINATION

14 BY MR. DAMON:

15 Q. You have testified regarding the Fixed Price Option  
16 Program, and the fact that the Company is offering it  
17 again to its customers this year. Do you know  
18 approximately what percentage of your customers  
19 enrolled in the program this year?

20 A. (Boucher) As of yesterday, there were slightly over 200  
21 customers enrolled in the program, out of about a  
22 thousand customers for the whole company.

23 Q. And, is that enrollment -- is that level of enrollment  
24 consistent with what it has been in past years?

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[WITNESS PANEL: Boucher|Grande]

- 1 A. (Boucher) It's slightly lower than in past years, but  
2 we've seen a decline over the last several years.
- 3 Q. And, I think you have a Supplemental Schedule E, which  
4 has some information regarding the FPO versus Non-FPO  
5 results. And, could you just comment on what the  
6 situation there is?
- 7 A. (Boucher) Supplemental Schedule E looks back at the  
8 rates that FPO customers paid during the previous  
9 winters versus Non-FPO customers. And, in the Winter  
10 Period 2007-2008, FPO customers saved approximately  
11 \$232 over the period as compared to Non-Fixed Price  
12 Option customers.
- 13 Q. Okay. And, that's over there in the far right-hand  
14 column, right?
- 15 A. (Boucher) Yes, it is.
- 16 Q. Regarding the Propane Purchasing Stabilization Plan,  
17 has the Company issued a request for proposals to area  
18 suppliers to pre-purchase supplies?
- 19 A. (Boucher) In early 2008, the Company issued its annual  
20 request for proposals for the pre-purchase plan. It  
21 was issued to four suppliers, and only one supplier  
22 opted to participate in the RFP process.
- 23 Q. And, what supplier did the Company contract with, if  
24 anyone?

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[WITNESS PANEL: Boucher|Grande]

1 A. (Boucher) The Company contracted with Texas Liquids,  
2 who has been the supplier for the last several years.

3 Q. Are they -- Are the pre-purchased supplies delivered to  
4 the Selkirk Texas Eastern terminal in New York?

5 A. (Boucher) Yes, they are.

6 Q. And, in the event delivery to Selkirk should be  
7 interrupted, would the supplier still be able to supply  
8 the Company?

9 A. (Boucher) Yes. Texas Liquids has assured us that they  
10 have adequate ancillary locations where propane can be  
11 supplied from, including Providence, Rhode Island and  
12 Westfield, Massachusetts.

13 Q. And, approximately what percent of the Company's  
14 anticipated winter supply requirements have been  
15 pre-purchased?

16 A. (Boucher) Approximately 65 percent of the Company's  
17 winter supply requirements have been pre-purchased.

18 Q. Now, we've seen in recent times a somewhat decreasing  
19 level of oil prices. And, I would just ask you, are  
20 propane prices tracking those lower oil prices?

21 A. (Boucher) Yes. The price of propane is tracking very  
22 closely with the price of oil. And, as a matter of  
23 fact, propane prices have decreased by about 50 to 55  
24 cents a gallon since even the Company's initial filing

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[WITNESS PANEL: Boucher|Grande]

1 was made in September.

2 Q. And, when we're talking about oil, we're talking about  
3 what kind of oil? Number 2 oil or --

4 A. (Boucher) Talking about the futures prices for crude  
5 oil.

6 Q. Okay. And, are the current Mont Belvieu propane  
7 prices, when compared to hedged propane prices in this  
8 forecast, have they actually --

9 (Brief interruption and off-the-record  
10 discussion ensued.)

11 BY MR. DAMON:

12 Q. Let me ask that question again. Are the current Mont  
13 Belvieu propane prices, when compared to hedged propane  
14 prices in this forecast, helping to bring down the  
15 overall average cost per gallon?

16 A. (Boucher) Yes. The current propane prices are  
17 significantly less than those hedged over the April  
18 through September period. So, they are helping to  
19 reduce the overall price of gas in the filing.

20 Q. Okay. Regarding the trucking and storage arrangements,  
21 have there been any changes in the Company's trucking  
22 supplier on-site storage or off-site storage  
23 arrangements since last winter?

24 A. (Boucher) No, they are the same arrangements this

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[WITNESS PANEL: Boucher|Grande]

1 winter as last winter.

2 Q. And, did the Company experience any supply reliability  
3 issues last winter?

4 A. (Boucher) None, none at all.

5 Q. And, just to confirm, does the Company's primary source  
6 of propane storage continue to be located on-site at  
7 Keene?

8 A. (Boucher) Yes.

9 Q. Has the company experienced any loss of customers due  
10 to the high cost of distribution service in propane  
11 during the past year?

12 A. (Boucher) No, the Company's customer counts are very  
13 similar to the counts last year. And, the total  
14 delivered price to customers, from New Hampshire Gas  
15 Corporation, is comparable to those of alternate fuels  
16 in the area.

17 Q. Does the Company see any opportunity to grow its  
18 customer base over the next year?

19 A. (Grande) Yes. The Company is looking into the  
20 opportunity to take existing non-heating customers and  
21 looking at offering rental conversion burners, and  
22 trying to entice those customers that are just using  
23 our gas for cooking and heating to possibly convert  
24 over to using our gas for home heat. That's a program

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[WITNESS PANEL: Boucher|Grande]

1           that we're evaluating at this point.

2   Q.    Okay.  And, are those customers located in downtown?

3   A.    (Grande) They would be -- They would be, yes, they  
4           would be downtown, or just within the general scope of  
5           our distribution facilities.

6   Q.    Right.  But they're not out in that new marketplace  
7           area --

8   A.    (Grande) No, they're not.

9   Q.    -- on the edge the Town?  Okay.  Has the Company  
10          experienced any changes to management or operations  
11          personnel at the Company during the past year?  And, I  
12          would note that Iberdrola, I believe, has taken control  
13          of the holding company of which this company is a part.

14  A.    (Grande) That's correct.  We just recently, though,  
15          within the last two weeks, we've had one of our  
16          employees hand in his resignation and has left us.  
17          And, we are right now presently advertising in the  
18          Keene Sentinel to replace that position, which will get  
19          us back to eight full-time employees.

20  Q.    Okay.  So, that employee is a company-based -- a  
21          company employee based in Keene, right?

22  A.    (Grande) That is correct.

23  Q.    Okay.  When did Iberdrola assume control of the  
24          Company?

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[WITNESS PANEL: Boucher|Grande]

1 A. (Boucher) I believe that the merger closed at the end  
2 of September.

3 Q. So, just in the last month?

4 A. (Boucher) Just in the last few weeks, yes. Yes. And,  
5 there have been no changes whatsoever at this point of  
6 any operations at New Hampshire Gas or any other  
7 EnergyEast companies.

8 Q. Ms. Boucher I think, in your testimony, you discussed  
9 previously the 36-month deferred revenue surcharge  
10 collection. If Staff's math is correct, it would seem  
11 that this surcharge would terminate at the end of this  
12 winter cost of gas period on April 30, 2009. Is that  
13 math correct?

14 A. (Boucher) That's correct. The 36-month period ends in  
15 April of 2009.

16 Q. One last question. Does the Company have anything new  
17 to report on its unaccounted for gas mitigation efforts  
18 at this time?

19 A. (Grande) No. The Company is, even though the Company  
20 saw a slight increase in our 2008 reported number on  
21 our DOT, the Company still feels that the program that  
22 we have in place is effective. And, we are still  
23 working on the four phases of that program. And, we  
24 feel that we've made a significant reduction in our

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1 unaccounted for gas. As the numbers show, that the  
2 efforts that we've put into place show a consistent  
3 unaccounted for gas now over two years, which we're  
4 pleased to report.

5 Q. I think I would just add as one more question, if I  
6 may?

7 A. (Grande) Sure.

8 Q. And, that is, you've testified that the Company is  
9 supportive of Staff's proposal regarding the 20 percent  
10 bandwidth. Could you just explain, does the Company's  
11 experience from last summer lend any -- is that at all  
12 relevant to your position on that point?

13 A. (Boucher) Yes. Currently, with all energy sources,  
14 we're seeing significant volatility on a month-to-month  
15 and week-to-week basis. And, the fact that the Company  
16 needed to supersede the 20 percent threshold during the  
17 summer, and then, because prices dropped at the end of  
18 the summer period, really desired to lower the rate  
19 below the 20 percent threshold on the downside, but  
20 couldn't because time had run out in the summer period.  
21 That experience really -- can't figure out how to say  
22 it -- it lends itself to supporting Staff's  
23 recommendation.

24 MR. DAMON: Thank you. I have no

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[WITNESS PANEL: Boucher|Grande]

1 further questions.

2 CHAIRMAN GETZ: Nothing from the Bench.

3 Ms. Purcell, anything else?

4 MS. PURCELL: No, I think we're all set.

5 Thank you.

6 CHAIRMAN GETZ: Okay. Then, the

7 witnesses are excused. Thank you.

8 (Whereupon Robert J. Wyatt was duly

9 sworn and cautioned by the Court

10 Reporter.)

11 ROBERT J. WYATT, SWORN

12 DIRECT EXAMINATION

13 BY MR. DAMON:

14 Q. Please state your name, employment, and business

15 address for the record.

16 A. Robert J. Wyatt. I'm a Utility Analyst III for the New

17 Hampshire Public Utilities Commission, 21 South Fruit

18 Street, Concord, New Hampshire.

19 Q. And, have you reviewed the filing and the revised

20 filing, Exhibits 1 and 2, that have been marked for

21 identification as part of this docket?

22 A. Yes, I have.

23 Q. And, have you also prepared prefiled testimony in this

24 matter, which I have taken the liberty of having had

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[WITNESS: Wyatt]

1           marked as "Exhibit 3" and given to the Clerk?

2    A.    Yes, I have.

3                       MR. DAMON:   Okay.   And, I will represent  
4       to the Commissioners that the copy that the Clerk has is a  
5       duplicate of what got filed this morning.

6                       CHAIRMAN GETZ:   Okay.   Thank you.

7    BY MR. DAMON:

8    Q.    And, could you please briefly summarize your testimony.

9    A.    The testimony is basically the same as I filed for the  
10       other two cost of gas hearings this week.   And, it's  
11       explaining the monthly over/under procedures in place  
12       now, and asking the Commission to consider a proposal  
13       to allow the companies to request to go beyond the plus  
14       or minus 20 percent bandwidth, if that will enable the  
15       companies to stay within the or to match costs to gas  
16       cost revenues in a more timely basis.

17   Q.    And, regarding the filing itself?

18   A.    Regarding the filing  
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