

1 STATE OF NEW HAMPSHIRE
2 PUBLIC UTILITIES COMMISSION
3

4 April 21, 2009 - 1:37 p.m.
5 Concord, New Hampshire

6 RE: DG 09-057
7 NEW HAMPSHIRE GAS CORPORATION:
8 Summer 2009 Cost of Gas Adjustment.

9 PRESENT: Chairman Thomas B. Getz, Presiding
10 Commissioner Graham J. Morrison
11

12 Connie Fillion, Clerk
13

14 APPEARANCES: Reptg. New Hampshire Gas Corporation:
15 Meabh Purcell, Esq. (Dewey & LeBoeuf)

16 Reptg. PUC Staff:
17 Matthew J. Fossum, Esq.
18 Edward N. Damon, Esq.

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

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I N D E X

3

PAGE NO.

4

WITNESS: JENNIFER M. BOUCHER

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Direct examination by Ms. Purcell

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Cross-examination by Mr. Fossum

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WITNESS: ROBERT J. WYATT

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Direct examination by Mr. Fossum

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E X H I B I T S

13

EXHIBIT NO.

D E S C R I P T I O N

PAGE NO.

14

1

NHGC Summer 2009 Cost of Gas
Adjustment initial filing
(03-19-09)

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NHGC Revised Summer 2009 Cost of
Gas Adjustment filing (04-16-09)

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Direct Testimony of Robert J. Wyatt
(04-15-09)

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CLOSING STATEMENTS BY:

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Mr. Fossum

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Ms. Purcell

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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 09-057. That's the
4 correct one? And, on March 20, 2009, New Hampshire Gas
5 Corporation filed revisions to its tariff providing for
6 its cost of gas rates for the period May 1, 2009 through
7 October 31, 2009. The proposed cost of gas rate is
8 \$1.0701 per therm, a \$1.1847 per therm decrease from last
9 summer. The estimated impact of that decrease is a \$208
10 decrease in a typical summer bill, or 36 percent, compared
11 to last summer. An order of notice was issued on March 24
12 setting the hearing for this afternoon.

13 So, let's take appearances please.

14 MS. PURCELL: Good morning,
15 Commissioners. My name is Meabh Purcell, from Dewey &
16 LeBoeuf, in Boston, representing New Hampshire Gas
17 Corporation.

18 CHAIRMAN GETZ: Good afternoon.

19 CMSR. MORRISON: Good afternoon.

20 MR. FOSSUM: And, good afternoon.

21 Matthew Fossum, along with Edward Damon, Robert Wyatt, and
22 Stephen Frink, on behalf of Staff.

23 CHAIRMAN GETZ: Good afternoon.

24 CMSR. MORRISON: Good afternoon.

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1 CHAIRMAN GETZ: Ms. Purcell.

2 MS. PURCELL: I have our return of
3 service.

4 CHAIRMAN GETZ: Okay.

5 MS. PURCELL: To the Clerk?

6 CHAIRMAN GETZ: Please.

7 MS. PURCELL: And, I'd like to ask
8 Ms. Boucher to take the stand.

9 (Whereupon Jennifer M. Boucher was duly
10 sworn and cautioned by the Court
11 Reporter.)

12 MS. PURCELL: Thank you.

13 JENNIFER M. BOUCHER, SWORN

14 DIRECT EXAMINATION

15 BY MS. PURCELL:

16 Q. Ms. Boucher, could you please state your full name,
17 your position, and your business address for the
18 record.

19 A. Yes. My name is Jennifer Boucher. I'm the Manager of
20 Regulatory Economics for the Berkshire Gas Company. My
21 business address is 115 Cheshire Road, Pittsfield,
22 Massachusetts. And, the Berkshire Gas Company provides
23 affiliate services to New Hampshire Gas Corporation.

24 Q. Thank you. Ms. Boucher, I'm going to show you a

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[WITNESS: Boucher]

1 document dated "March 19th, 2009", and ask that you
2 identify this document for me?

3 A. That is the Company's initial cost of gas filing.

4 MS. PURCELL: Thank you. I'd like to
5 mark the Company's initial filing as "New Hampshire Gas
6 Exhibit 1".

7 CHAIRMAN GETZ: So marked.

8 (The document, as described, was
9 herewith marked as Exhibit 1 for
10 identification.)

11 MS. PURCELL: Thank you.

12 BY MS. PURCELL:

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

15 A. Yes, we've made a revised filing.

16 Q. I'm going to show you another document dated
17 "April 16th", and ask if you can confirm that that was
18 the revised filing?

19 A. Yes, that is the revised filing.

20 MS. PURCELL: Okay. I'd to mark this as
21 "New Hampshire Gas Exhibit 2".

22 CHAIRMAN GETZ: So marked.

23 (The document, as described, was
24 herewith marked as Exhibit 2 for

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1 identification.)

2 MS. PURCELL: Thank you.

3 BY MS. PURCELL:

4 Q. And, Ms. Boucher, were the documents that have just
5 been marked for identification as New Hampshire Gas
6 "Exhibits 1" and "2" prepared by you or under your
7 direction and supervision?

8 A. Yes, they were.

9 Q. And, where in the Exhibit 2 can we find the Company's
10 proposed CGA rate?

11 A. On Exhibit 2, the pages labeled in the upper right-hand
12 corner "39th Revised Page 25". Towards the lower part
13 of the page, on the right-hand side, the cost of gas
14 rate is projected to be "1.0537 per therm".

15 Q. Okay. Thank you. And, can you take us through the
16 derivation of the proposed rates, how you calculated
17 it?

18 A. Certainly. The Company first computes the total
19 anticipated cost for the summer season. They then add
20 in a prior period adjustment for the Summer 2008
21 Period. Those total anticipated costs are then divided
22 by the projected gas sales for the summer period. And,
23 that derives the 1.0537 per therm cost of gas rate.

24 Q. Thank you. And, Ms. Boucher, have you done any

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1 analysis of the impact of the proposed rate on a
2 typical customer bill?

3 A. Yes, I have. If you turn to the pages toward the back
4 of Exhibit 2, labeled "Supplemental Schedule A", in the
5 column marked "Summer May through October", in the
6 lower right-hand portion of the schedule, the total
7 seasonal bill difference from the previous year is \$211
8 credit to customers.

9 Q. Thank you. And, Ms. Boucher, could you explain how the
10 proposed CGA rate for this summer compares to last
11 summer's FPO and Non-FPO rates?

12 A. The proposed summer cost of gas rate is approximately a
13 decrease of \$1.20 per therm compared to the Summer 2008
14 average cost of gas rate of \$2.25 per therm.

15 Q. Ms. Boucher, have you read the prefiled testimony of
16 Mr. Wyatt, on behalf of Commission Staff?

17 A. Yes, I have.

18 Q. And, does New Hampshire Gas Company agree with
19 Mr. Wyatt's proposal to establish a maximum monthly
20 rate adjustment or a cap at 25 percent above the rate
21 initially approved, and to eliminate the lower or to
22 limit the minimum rate limitation, I guess, instead of
23 the current policy that limits changes to within a plus
24 or minus 20 percent bandwidth?

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1 A. Yes. New Hampshire Gas Corporation is fully in support
2 of Mr. Wyatt's proposal. And, we believe that this
3 will reduce administrative costs, streamline the
4 process, and be much more efficient than the current
5 policy.

6 Q. Thank you. Ms. Boucher, do you have anything
7 additional to add to supplement your testimony?

8 A. No, I don't.

9 MS. PURCELL: Okay. The Company has no
10 further questions at this time.

11 CHAIRMAN GETZ: Thank you. Mr. Fossum.

12 MR. FOSSUM: Good afternoon.

13 WITNESS BOUCHER: Good afternoon.

14 CROSS-EXAMINATION

15 BY MR. FOSSUM:

16 Q. I'd kind of like to wonder through more or less the
17 order that they're presented in your prefiled
18 testimony, a couple of issues. Beginning on Page 3,
19 Line 11, you indicate a forecasted firm sales of just
20 under 309,000 therms. And, that's compared to, later
21 in your filing, last year's sales at about 297,000
22 therms. Is the Company experiencing new load growth
23 from last year to this?

24 A. The Company has experienced minimal load growth. The

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1 300 -- the almost 309,000 therms that's referenced in
2 the testimony is based on the actual weather-normalized
3 sales from the previous Summer 2008 Period.

4 Q. Okay. Now, later on down on Page 3, you talk about the
5 Company's unaccounted for volumes being about "three
6 and a quarter percent". And, is that three and a
7 quarter percent of the total annual sendout?

8 A. Yes, it is. It's 3.25 percent as of the period ending
9 June 30th of each year.

10 Q. And, do you know how that compares to the last year,
11 last year's unaccounted for?

12 A. To the best of my -- To the best of my recollection,
13 it's about a quarter of a percent better than the
14 previous year's. I think the previous year's was
15 3.53 percent.

16 Q. And, to what would you attribute that difference?

17 A. Well, the Company has had in place a specific plan to
18 mitigate unaccounted for losses over the last several
19 years. So, I would attribute that to those measures
20 that have been put in place.

21 Q. Now, did the Company experience any system losses
22 related to some main breaks that showed up in the news
23 reports over the winter?

24 A. Yes, they did. In a data request, specifically NHPUC

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[WITNESS: Boucher]

1 1-2, the Company responded that it believes that those
2 cast iron breaks this winter had very little impact on
3 system losses. Based on the Company's estimation and
4 the tests that they performed, they believe that those
5 leaks were relatively new leaks, and that the breaks
6 happened no more than a few weeks before they were
7 discovered.

8 Q. Thank you. Now, going onto the next page of your
9 revised prefiled testimony, on Page 4, there's,
10 beginning on Line 17, there's a comparison that's done,
11 and it indicates a decrease of "\$202.64". And, then,
12 later down it says "If the Monthly Customer Charge, per
13 therm Delivery Rates and Deferred Revenue Surcharge are
14 factored into the analysis", you "see a decrease of
15 \$211". The Deferred Revenue Surcharge, that's due to
16 end this month, correct?

17 A. That's correct.

18 Q. And, so, has that been factored in at all going
19 forward? Is that -- It looks from there as though it
20 has, even though it's due to end.

21 A. It has not been factored in going forward. If you were
22 to turn, Exhibit 2, to Supplemental Schedule A, at the
23 lower part of the page there is a line item for
24 "Deferred Revenue Surcharge". And, during the summer

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1 period, that surcharge has been zeroed out for the 2009
2 Period. But, when comparing to Summer 2008, that
3 Deferred Revenue Surcharge was in effect at that time.

4 Q. Okay. Thank you. And, lastly, I think, over on Page 6
5 of your testimony, you indicate that the Company is or
6 at least will evaluate the merits of proposals in
7 response to its RFP for suppliers. Has the Company --
8 well, I wanted to bring up, in last summer's cost of
9 gas, the Company noted that it had sent RFPs out to
10 four suppliers, and that it intended to reach out to
11 some more. Has the Company reached out to additional
12 suppliers for this summer?

13 A. The Company attempted to solicit interest in this
14 program from other suppliers, but was unsuccessful.
15 It's a very specialized service that the Company
16 requests, and, as a matter of fact, only one bidder in
17 this RFP solicited a bid for this upcoming winter.

18 Q. And, so, have you entered a contract with that bidder
19 yet?

20 A. I have not yet entered a contract with that bidder.

21 MR. FOSSUM: Thank you. That's all.

22 That's all I have.

23 CHAIRMAN GETZ: Any redirect,

24 Ms. Purcell?

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[WITNESS: Wyatt]

1 MS. PURCELL: No. Thank you.

2 CHAIRMAN GETZ: Then, the witness is
3 excused. Thank you, Ms. Boucher. Is there anything
4 further, Ms. Purcell?

5 MS. PURCELL: I have nothing further,
6 but I believe --

7 CHAIRMAN GETZ: Are you referring to
8 Mr. Wyatt --

9 MS. PURCELL: -- Mr. Wyatt, yes.

10 MR. FOSSUM: Yes. I call Mr. Wyatt.

11 (Whereupon Robert J. Wyatt was duly
12 sworn and cautioned by the Court
13 Reporter.)

14 ROBERT J. WYATT, SWORN

15 DIRECT EXAMINATION

16 BY MR. FOSSUM:

17 Q. Good afternoon. Could you state your name and place of
18 business for the record please.

19 A. Yes. My name is Robert Wyatt. I'm a Senior Utility
20 Analyst for the New Hampshire Public Utilities
21 Commission, 21 South Fruit Street, Concord, New
22 Hampshire.

23 Q. And, in this matter you have submitted prefiled
24 testimony?

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1 A. That's correct.

2 Q. And, is this your prefiled testimony in this matter?

3 A. Yes, it is.

4 Q. And, do you have any changes, additions, alterations to
5 it at this time?

6 A. No, I do not.

7 MR. FOSSUM: I'd like to submit

8 Mr. Wyatt's testimony as Exhibit, I guess we're up to "3".

9 CHAIRMAN GETZ: It will be so marked.

10 (The document, as described, was
11 herewith marked as Exhibit 3 for
12 identification.)

13 BY MR. FOSSUM:

14 Q. Could you briefly summarize your testimony for us
15 please.

16 A. Yes. My testimony covers two issues. And, the first
17 is Staff's recommendation for the modification of the
18 monthly over/under adjustment policy of the cost of gas
19 rates. And, second, I want to generally comment on the
20 New Hampshire Gas filing.

21 Q. All right. And, could you explain the modification to
22 the over and under adjustment policy?

23 A. Yes. The primary -- The primary objective of the
24 monthly over/under adjustment cost of gas policy is to

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1 minimize the over and undercollections in each cost of
2 gas period. Thus, you're better matching gas costs
3 with gas cost revenues within the period. And, Staff
4 initially made a proposal, a similar proposal to this
5 in the winter cost of gas proceeding. That proposal
6 was tabled at the time for further study. After
7 further discussion with the parties, Staff has modified
8 the proposal, and it's spelled out in greater detail in
9 my written testimony.

10 Currently, both the upper and the lower
11 bandwidth limits are set at 20 percent of the initially
12 approved cost of gas rate for each cost of gas period.
13 What we're now asking for is Commission approval to
14 increase the upper bandwidth limit to 25 percent of the
15 initially approved rate. At the same time, we're
16 asking that the lower bandwidth limit be eliminated
17 altogether.

18 Q. And, what would you expect would be the impact from
19 that change?

20 A. I expect these changes will enable the Company to more
21 efficiently be able to react to gas price volatility,
22 and at the same time, in the same period, that this
23 volatility and the change in gas prices occurs, thus
24 reducing over and undercollections, revenue imbalances

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1 associated -- and the associated carrying costs that
2 are carried forward to future cost of gas periods. As
3 gas prices increase, the extra 5 percent will give the
4 companies a little bit more room to adjust the prices
5 to track upward movement in the gas markets, thus
6 providing a little bit more capacity to reduce
7 undercollections in the cost of gas period.

8 By eliminating the lower bandwidth
9 limit, the Company will be able to reduce its gas
10 rates, tracking downward movement in gas market
11 pricing, as much as necessary to reduce overcollections
12 within each cost of gas period.

13 Q. And, do you foresee any other benefits from these
14 changes?

15 A. Yes. The modified policy should create the
16 administrative efficiencies, reducing or eliminating
17 mid-period revised cost of gas filings, thus
18 eliminating the resources the Company, the Commission,
19 and other parties must focus into these filings.

20 Q. Thank you. And, on the other point, in regard to the
21 Company's cost of gas filing, has Staff completed its
22 review?

23 A. Yes, it has. After a thorough review of the Company's
24 cost of gas filing and the revised filing, with the

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1 supporting schedules, Staff recommends approval of the
2 proposed rates. These actual gas -- At the end of the
3 period, all actual gas costs are fully reconciled.
4 And, Staff has its recommendation to approve these
5 rates.

6 MR. FOSSUM: Thank you. I have nothing
7 further.

8 CHAIRMAN GETZ: Ms. Purcell?

9 MS. PURCELL: The Company has nothing
10 for Mr. Wyatt. Thank you.

11 CHAIRMAN GETZ: And, nothing as well
12 from the Bench. So, thank you, Mr. Wyatt. You're
13 excused.

14 Any objection to striking
15 identifications and admitting the exhibits into evidence?

16 MS. PURCELL: No.

17 MR. FOSSUM: None.

18 CHAIRMAN GETZ: They will therefore be
19 admitted into evidence. Anything to discuss, before we
20 have an opportunity for closings?

21 (No verbal response)

22 CHAIRMAN GETZ: Hearing nothing, then
23 Mr. Fossum.

24 MR. FOSSUM: Well, the Staff supports

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1 clearly the Company's cost of gas filing in this matter.
2 As with the other cost of gas filings that we've had this
3 season, Staff believes that the change to the upper and
4 lower bandwidth is justified and appropriate in this case.
5 And, we appreciate the Company's efforts in delivering a
6 good cost of gas filing.

7 CHAIRMAN GETZ: Thank you. Ms. Purcell.

8 MS. PURCELL: Thank you. The Company
9 respectfully requests approval of the proposed CGA rate by
10 on or before May 1st. And, the Company also appreciates
11 the efforts of the Staff, and fully supports the testimony
12 and appreciates the testimony of Mr. Wyatt, in favor of
13 modifying the bandwidth, and the other efforts that the
14 Staff has taken to review the Company's filing. Thank
15 you.

16 CHAIRMAN GETZ: Okay. Then, we will
17 close this hearing and take the matter under advisement.
18 Thank you.

19 (Whereupon the hearing ended at 1:58
20 p.m.)

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