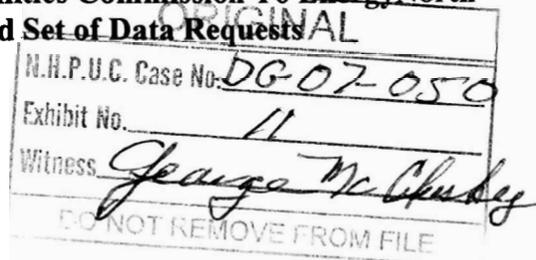


EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy Delivery New England] Indirect
Gas Costs DG 07-050

**Responses of the New Hampshire Public Utilities Commission To EnergyNorth
Natural Gas, Inc. (ENGI) Third Set of Data Requests**



Respondent: George R. McCluskey

Company Request 3-1:

On page 6 Lines 18-23, the October 19 Joint Surrebutal Testimony states, "Rather, the inclusion of the extra revenue in October corrects an error made when the billed revenue accounting methodology was first implemented: namely, the inclusion of only half of month's revenue in the initial month. Thus, the correct interpretation of the extra revenue is that it eliminates a benefit (ie- high interest receipts) that the Company was never entitled to."

- a. Does the Staff know when the Company or any of its predecessors first adopted gas cost reconciliation? If so, please provide the date and reference any order of the Commission authorizing or establishing the reconciliation process adopted.
- b. When did the "error" referred to occur? (Please provide as close to a specific date as possible.)
- c. Explain whether the "error" was a result of the Company's incorrectly implementing a Commission order, whether any Commission order adopting the process currently used by the Company was in error or how the error arose in the first place.
- d. Provide all supporting documentation that the Staff has regarding the existence of such an error.
- e. Quantify the size of the error the first time it occurred.
- f. Please provide all detail showing the error that Staff claims was made when the billed revenue methodology was first adopted.

Response 1:

- a. Manchester Gas Company first received Commission approval to implement a gas cost reconciliation mechanism in Order No. 11,651 issued November 22, 1974. Concord Natural Gas first received Commission approval to implement a gas cost reconciliation in Order No. 11,832 issued May 9, 1975. Gas Service first received Commission approval to implement a gas cost reconciliation in Order No. 11,976 issued August 26, 1975.

- b. The “error” referenced in Staff’s testimony relates to the use of a methodology that: (i) matches accrued costs with billed revenues; and (ii) uses only one half month of billed revenue in the first month for each season. While it seems reasonable to assume that the use of billed revenues began when the above referenced orders became effective, the same can not be said for the half month issue. That said, Staff has no information that would indicate when that practice began.
- c. Staff has no information that would indicate the "error" is the result of the Company incorrectly implementing a Commission order. Nor is it aware of any Commission order (other than Order No. 24,786) that specifically addresses the appropriateness of billed revenue accounting.
- d. The methodology described in Staff’s response to part b was determined by the Commission to be flawed in Order No. 24,786 in Docket No. DG 07-033.
- e. If the Company is asking Staff to calculate the difference in interest between accrued revenue accounting and billed revenue accounting in the first year that the methodology described in Staff’s response to part b was used, the response is that we can not because we do not know when the methodology was first implemented. Even if we did, Staff does not have the billed and accrued revenue data to perform such a calculation.
- f. See response to part e above.

Respondent: George R. McCluskey

Company Request 3-2:

Does the Staff agree that the use of billed revenues to determine the balance in the deferred gas cost reconciliation account was a methodology that was previously supported by the Staff? If not, please explain in detail and indicate when the Staff objected to or raised concerns regarding the use of billed revenues by the Company or any of its predecessors prior to the timeframe at issue in this proceeding.

Response 3-2:

No. Staff is not aware of any testimony that it has sponsored that explicitly supports billed revenue accounting as implemented by New Hampshire gas or electric utilities prior to the timeframe at issue in this proceeding. Clearly over the past 30 years Staff has either supported, or not objected to, a number of cost of gas filings by the Company and its predecessors, however, Staff does not believe such actions constitute explicit support for the way in which the Company has used billed revenues in its gas cost reconciliation.