

STATE OF NEW HAMPSHIRE

DG 14-133

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June 30, 2014

Debra A. Howland, Executive Director  
N.H. Public Utilities Commission  
21 S. Fruit St., Ste. 18  
Concord, NH 03301

**Re: DG 14-133 Liberty Natural Gas – Petition to Petition for Approval of Changes to  
Financial Hedging Program and Fixed Price Option Program  
OCA’s Response to Petition and Recommendation**

Dear Ms. Howland:

The Office of the Consumer Advocate (OCA) notified the Commission of its participation on June 9, 2014. In this letter, the OCA responds to the Company's Petition dated May 21, 2014, and Staff's recommendation dated June 23, 2014.

The OCA agrees with the Company and Staff that hedging the basic commodity price for natural gas (a/k/a the “Henry Hub” price) does not sufficiently mitigate customers’ price risk, now associated with the basis differential in the New England natural gas market. Current thinking places some (capacity) relief by 2018; in the meantime, a goal of mitigating (more of) the basis-differential risk seems reasonable. The Company’s proposal for changes to its hedging policy as well its fixed price option program (FPO) is also consistent with commitments made in the last winter cost of gas proceeding. *See, e.g.*, DG 13-251, Transcript of hearing held on February 19, 2014, p. 15, line 17, through p. 16, line 16 (Company witness DaFonte testified about upcoming filing).

For these reasons, and based upon the Company’s testimony in this and other dockets, the OCA supports the Company’s proposal, and Staff’s recommendation, to employ – at this particular point in time – hedging strategies more tailored to mitigate the risks associated with the basis differential.

The OCA also supports the proposed change to the FPO program because commercial and industrial customers have other options to mitigate price volatility.

Thank you for this opportunity to comment. Please do not hesitate to contact me for additional information.

Respectfully submitted,



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