



August 25, 2015

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BY OVERNIGHT MAIL AND E-MAIL

Debra A. Howland, Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

RE: Docket No. 15-090 Northern Utilities, Inc. Summer Cost of Gas – PNGTS Refund Methodology

Dear Director Howland:

Northern Utilities, Inc. ("Northern" or "the Company") submits the following reply to the August 12, 2015, *Opposition to Settlement of Sprague Operating Resources, LLC and Global Montello Group Corp.* ("the Opposition") regarding the Settlement Agreement submitted by Northern, Commission Staff and the Office of Consumer Advocate ("OCA") in the above captioned proceeding.

The Commission's July 30, 2015 Secretarial Letter provided Sprague Operating Resources, LLC and Global Montello Group Corp. ("the Marketers") an opportunity to file their opposition to the Settlement Agreement, "limited to evidence on the factual question of whether Northern actually does not have the ability to protect sales customers." As Staff correctly points out in its August 24, 2015 *Response to Marketers Opposition to Settlement Agreement*, "the Marketers Opposition does not contain evidence on the question posed, but merely their inadmissible interpretation of confidential settlement discussions," (Staff Response at 1) and that such inadmissible revelations are in violation of Puc 203.20(a). The Marketers' interpretation of those discussions and the subsequent events surrounding the drafting of the Settlement Agreement, rely entirely on non-transcribed, confidential negotiations.

The importance of a transcript or some other means of verification to assess the completeness of one party's interpretation of another party's statement is illustrated by the following: At page 3 of the Opposition, at footnote 7, it is stated that "Northern has represented to the Maine Public Utilities Commission that it didn't matter to Northern whether marketers receive a one-time refund or a refund over an extended period of time. (Gary Epler, Technical Session, July 16, 2015)." The transcript of that Technical Session (a copy of the July 16 transcript is attached hereto) provides Mr. Epler's

Gary Epler
Chief Regulatory Counsel
epler@unitil.com

6 Liberty Lane West
Hampton, NH 03842

complete statement:

MR. EPLER: I -- I just want to clarify the position of -- of the company, and I don't know if you'll find this helpful or -- or not. The company recognizes that the refund doesn't belong to Northern. The refund is -- that we got from PNGTS is -- needs to be flowed through to customers in one way or another. Obviously, based on what you've heard here and what you've seen in other documents that have been filed and -- and previously, I don't think that there's a -- you know, a right way to do it. We've proposed -- we've put forward a proposal that we think is fair and we've tried to indicate why we think it's fair, because the -- the over charges were collected over a lengthy period of time so we're proposing to refund them over a lengthy period of time. And we think that what we've done -- the way we're proposing the refund, it follows the -- the customer. So if a customer migrates from one -- from either transportation to sales service or from sales service to transportation, the refund more or less can follow them, but it's applied prospectively. It doesn't affect the company if the Commission were to decide to grant what the marketers are asking. We -- we're neutral. Where -- where we become not neutral is if we are asked to undertake some kind of administrative tracking to try to figure out who's going to migrate back or forth, why, and whether or not they should get a portion of the refund or not or what portion of the refund. And the -- the more complex that gets, the greater the administrative burden is on us. We don't have a system in place that can do that automatically, and it's -- it's very much a manual process. And the -- the more complex that is, the greater burden, the greater cost to us, and we're -- as we said, we recognize this money is not our money. We also don't want to incur additional cost to have to administrate a complex program. So that's -- that's our position, and we recognize that other parties may have stronger views on -- on, you know, what is -- what is fair and -- and what's not fair. But that -- that's our -- our major concern. Thank you.

The Opposition's description of Mr. Epler's statement as "it didn't matter to Northern" is incomplete, at best. It failed to point out that Mr. Epler noted that Northern believed its recommendation was fair, as it flowed the refund over an extended period, mirroring the period over which it was collected, and would allow the refund to follow a customer from transportation to sales service. Moreover, it failed to point out that Northern's chief concern was to that it would be required to incur additional costs to administer a system under which certain customers migrating from transportation service would or would not be eligible to receive a portion of the refund.

Northern agrees with the arguments set forth in Staff's Response: The Marketer's failed

to present any evidence in support of their claim, and if Northern's ability to stop migrating customers from receiving a refund was a material condition of their participation in the settlement, they had numerous opportunities to put it in the record, but failed to do so.

For the reasons stated above and in Northern's July 15, 2015 Letter, considering the entire record at this point, all parties have been afforded sufficient due process and an opportunity to be heard on this matter. Accordingly, Northern respectfully requests that the Commission approve the Settlement Agreement as resolution of the methodology by which Northern will distribute a demand charge refund from PNGTS to its New Hampshire Division customers.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Epler". The signature is fluid and cursive, with the first name "Gary" and the last name "Epler" clearly distinguishable.

Gary Epler

Attorney for Northern Utilities, Inc.

cc: Service List (by e-mail only)