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**STATE OF NEW HAMPSHIRE**  
**PUBLIC UTILITIES COMMISSION**

**August 9, 2016 - 9:03 a.m.**  
Concord, New Hampshire

NHPUC AUG16'16 PM 2:39

**RE: DG 16-564**  
**NORTHERN UTILITIES, INC.:**  
**Cost of Gas Adjustment Clause.**  
***(Prehearing conference)***

**PRESENT:** Chairman Martin P. Honigberg, Presiding  
*(Presiding as Hearings Examiner)*

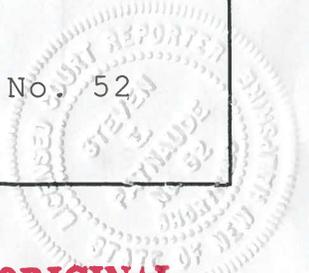
Sandy Deno, Clerk

**APPEARANCES:** **Reptg. Northern Utilities, Inc.:**  
Patrick Taylor, Esq.

**Reptg. Residential Ratepayers:**  
Nicholas Cicale, Esq.  
Office of Consumer Advocate

**Reptg. PUC Staff:**  
Alexander F. Speidel, Esq.  
John S. Clifford, Esq.  
Stephen Frink, Asst. Dir./Gas & Water

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



**ORIGINAL**

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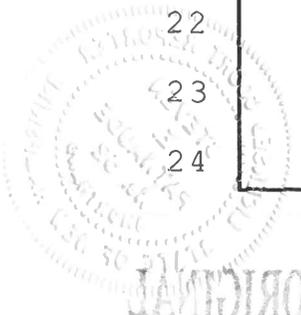
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**STATEMENTS OF PRELIMINARY POSITION BY:**

|             |   |
|-------------|---|
| Mr. Taylor  | 5 |
| Mr. Cicale  | 6 |
| Mr. Speidel | 7 |

**QUESTIONS BY:**

|                    |   |
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| Chairman Honigberg | 8 |
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**P R O C E E D I N G**

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2 CHAIRMAN HONIGBERG: Good morning,  
3 everyone. We're here in Docket DG 16-564,  
4 which is a Northern Utilities filing to change  
5 their cost of gas adjustment process, changing  
6 from semiannual to annual. We suspended the  
7 tariff that they filed, I believe, until  
8 October, and with the ability to suspend it for  
9 an additional five months, if needed. We're  
10 here for a prehearing conference. I am sitting  
11 as a hearings examiner today, because I am the  
12 only one here.

13 Before we go any further, let's take  
14 appearances.

15 MR. TAYLOR: Good morning. I'm  
16 Patrick Taylor, Senior Counsel, Northern  
17 Utilities, Inc. With me today are Christopher  
18 Kahl and George Simmons from the Company.

19 MR. CICALÉ: Good morning, Mr.  
20 Chairman. Nicholas Cicale here for the Office  
21 of Consumer Advocate, on behalf of residential  
22 ratepayers.

23 MR. SPEIDEL: Good morning, Chairman.  
24 Alexander Speidel, representing Staff of the

1 Commission. I also have with me John Clifford,  
2 who is co-attorney on this docket. And I also  
3 have with me Assistant Director Steve Frink of  
4 the Gas & Water Division.

5 CHAIRMAN HONIGBERG: Mr. Sheehan, are  
6 you here for any specific purpose or just to  
7 enjoy the show?

8 MR. SHEEHAN: The latter. We are  
9 making a similar filing to combine  
10 winter/summer, but we're making it as part of  
11 our Cost of Gas filing. So, I'm just here  
12 watching to see if any particular issues come  
13 up.

14 CHAIRMAN HONIGBERG: Fair enough. I  
15 know there's a technical session that will take  
16 place after the prehearing conference is done.

17 I'm not seeing any interventions or  
18 any other filings. Is there anything, any  
19 other preliminary matters we need to deal with,  
20 before hearing the Parties' preliminary  
21 positions?

22 *[No verbal response.]*

23 CHAIRMAN HONIGBERG: I see everybody  
24 shaking their heads. All right. Mr. Taylor,

1 why don't you go first.

2 MR. TAYLOR: Thank you. As the  
3 Commission is aware, the Company currently  
4 makes two cost of gas filings per year: One  
5 for the winter or "peak season" and another for  
6 the summer or "off-peak season". As a result,  
7 the Company also makes separate winter season  
8 and summer season reconciliation filings.

9 As noted in our proposal, the summer  
10 season filing is largely repetitive, relative  
11 to the winter season filing. It essentially  
12 functions as an opportunity for the Company to  
13 update NYMEX prices.

14 As Northern previously indicated in a  
15 hearing before the Commission in its last  
16 Winter Cost of Gas filing proceeding, it was  
17 exploring the possibility of an annual cost of  
18 gas filing. The Staff also indicated during  
19 that hearing that it was looking forward to  
20 exploring a single annual filing for future  
21 cost of gas proceedings, and the Commission  
22 ordered the Parties to meet to further flesh  
23 that out.

24 Northern subsequently met with the

1 Staff and OCA earlier this year to provide an  
2 update on its efforts to develop an annual  
3 filing mechanism. And we subsequently made the  
4 filing that's currently before the Commission.

5 Northern believes that consolidating  
6 the winter and summer filings into a single  
7 annual filing will make the cost of gas process  
8 more streamlined and efficient, and conserve  
9 the resources of all parties, including the  
10 Commission.

11 The Company looks forward to working  
12 with the Staff and the OCA in this docket, and  
13 appreciates the Commission's consideration of  
14 its proposal.

15 CHAIRMAN HONIGBERG: Mr. Cicale.

16 MR. CICALE: The Office of Consumer  
17 Advocate supports this application. We believe  
18 it saves administrative resources here at the  
19 Commission and for other parties, definitely at  
20 the Company.

21 It may, having one cost of gas filing  
22 per year, may be much more simple and  
23 transparent to consumers as well. So, it would  
24 be easier to follow the commodity cost for

1 their customers. And, again, much more  
2 streamlined, as the utility's counsel said.

3 Thank you.

4 CHAIRMAN HONIGBERG: Mr. Speidel.

5 MR. SPEIDEL: Thank you, Mr.

6 Chairman. The Staff is examining the proposal  
7 by the Company to amend its cost of gas tariff  
8 at the present time. And has engaged in some  
9 limited discovery to double-check historical  
10 data to ensure that there will be ongoing  
11 responsiveness in rates going forward under  
12 this new rubric. And, also, the Staff is very  
13 much interested in seeing some of the technical  
14 details of this proposal as we go forward.

15 But, in general terms, we're  
16 satisfied that the bones of the proposal are  
17 satisfactory and strong. That the concept is  
18 something that we are familiar with and have,  
19 in fact, encouraged over the last few cost of  
20 gas cycles as an effort towards administrative  
21 efficiency, and being able to apply Company  
22 resources and Staff resources in the most  
23 efficient manner possible, especially during  
24 the autumn period, where there's a lot of

1 things going on on the operational side that  
2 might be better uses on the Company's side.

3 So, in any event, we want to thank  
4 the Company for its interest in examining this  
5 reform, and we look forward to ongoing  
6 collaboration with the other parties.

7 Thank you.

8 CHAIRMAN HONIGBERG: Can anyone tell  
9 me how long the current process has been in  
10 place, roughly this same structure, with the  
11 twice-a-year cost of gas adjustments?

12 MR. SPEIDEL: Since 1974 or  
13 thereabouts.

14 CHAIRMAN HONIGBERG: And what did  
15 they do before then, do you have any idea?

16 MR. SPEIDEL: Well, they would have  
17 an annual distribution and commodity rate that  
18 was rolled into one. So, all of their costs  
19 would go into a single bucket. But, with the  
20 advent of the oil shock, it was thought prudent  
21 to strip away the commodity cost, because they  
22 were suddenly due to extreme fluctuation. They  
23 had been low and stable throughout the post-war  
24 period, and then they began to fluctuate

1 wildly.

2 CHAIRMAN HONIGBERG: Okay. All  
3 right. I know there's a technical session  
4 you'll have as soon as we're done. Is there  
5 anything else that you need from me that I  
6 would recommend to the full Commission?

7 *[No verbal response.]*

8 CHAIRMAN HONIGBERG: I didn't think  
9 so. Then, I'll adjourn the prehearing  
10 conference and leave you to your technical  
11 session. Thank you all.

12 *(Whereupon the prehearing*  
13 *conference was adjourned at 9:09*  
14 *a.m., and a technical session*  
15 *was held thereafter.)*

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