

DG 05-127

**ENERGYNORTH NATURAL GAS, INC. D/B/A
KEYSPAN ENERGY DELIVERY NEW ENGLAND**

**Amendments to Fixed Price Option Program
& Natural Gas Risk Management Plan**

Order Approving Revision to Fixed Price Option Rate

ORDER NO. 24,529

October 14, 2005

On August 2, 2005, EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy Delivery New England (KeySpan), a public utility engaged in the business of distributing natural gas in southern and central New Hampshire and the City of Berlin in northern New Hampshire, filed with the New Hampshire Public Utilities Commission (Commission) a petition to modify its Fixed Price Option (FPO) Program and its Natural Gas Price Risk Management Plan (Hedging Plan). The Commission approved the amendments to KeySpan's FPO Program and its Hedging Plan, by Order No. 24,515 (September 16, 2005).

Order No. 24,515 made clear that the volatility of natural gas prices in the current market required reference to the most current pricing available. As the Commission stated, an FPO rate that "factors in recent market developments will provide KeySpan a better opportunity to match gas revenues and costs for the period by adjusting the Cost of Gas (COG) rate and thus provide customers with more accurate information as to what their potential gas costs will be this winter and better reflect customer expectations regarding anticipated increases in energy bills." Order at 10. The Commission directed KeySpan to update its COG rates by September 23, 2005, and that the FPO rate would be set at \$.02 above the revised COG for each rate class. KeySpan made the revised COG filing as required.

Because the market for natural gas continues to be highly volatile, the COG rates have again been revised. The FPO rates, therefore, must also be revised to maintain the two cent differential. On October 14, 2005, KeySpan filed revised COG rates, with FPO rates for the 2005/2006 winter of \$1.2951 per therm for the Residential class, \$1.1558 per therm for the Commercial and Industrial Low Winter class, and \$1.3192 per therm for the Commercial and Industrial High Winter class.

Order No. 24,515 anticipated that KeySpan would use information from its September 23, 2005 filing to notify customers of the FPO. However, according to KeySpan's October 14, 2005 filing, customers have not yet been informed of the FPO rate. We instruct KeySpan to mail the notice of the 2005/2006 FPO rate, as set forth in the October 14, 2005 filing, to customers no later than October 21, 2005. The FPO enrollment period shall be for four weeks from the date of mailing of the notice, or until the program is fully subscribed, which occurs first.

Based upon the foregoing, it is hereby

ORDERED, that KeySpan's Fixed Price Option Program rate for the 2005/2006 winter shall be \$1.2951 per therm for the Residential class, \$1.1558 per therm for the Commercial and Industrial Low Winter class, and \$1.3192 per therm for the Commercial and Industrial High Winter class; and it is

FURTHER ORDERED, that KeySpan shall mail notice of the FPO rate to customers no later than October 21, 2005; and it is

FURTHER ORDERED, that the FPO enrollment period shall commence on the date the notice is mailed to customers and remain open for four weeks or until the program is fully subscribed, whichever occurs first.

By order of the Public Utilities Commission of New Hampshire this fourteenth
day of October, 2005.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Michael D. Harrington
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary