

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

April 24, 2014 - 9:07 a.m.
Concord, New Hampshire

NHPUC APR25'14 PM 3:39

RE: DG 14-077
NORTHERN UTILITIES, INC. -
NEW HAMPSHIRE DIVISION:
Summer 2014 Cost of Gas.

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Martin P. Honigberg

Sandy Deno, Clerk

APPEARANCES: Reptg. Northern Utilities, Inc.:
Susan Geiger, Esq. (Orr & Reno)

Reptg. Residential Ratepayers:
Susan Chamberlin, Esq., Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:
Michael J. Sheehan, Esq.
Stephen P. Frink, Asst. Dir./Gas & Water Div.
Al-Azad Iqbal, Gas & Water Division

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

ORIGINAL

I N D E X**PAGE NO.**

WITNESS PANEL: CHRISTOPHER A. KAHL
JOSEPH F. CONNEELY

Direct examination by Ms. Geiger	6
Cross-examination by Mr. Sheehan	14
Cross-examination by Ms. Chamberlin	19
Interrogatories by Chairman Ignatius	24
Redirect examination by Ms. Geiger	26

CLOSING STATEMENTS BY:**PAGE NO.**

Ms. Chamberlin	27
Mr. Sheehan	27
Ms. Geiger	28

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
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1	Northern Utilities, Inc. New Hampshire Division Cost of Gas Adjustment Filing Summer Period 2014, including testimonies, attachments, etc. (03-17-14) {REDACTED - for public use}	7
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2	Northern Utilities, Inc. New Hampshire Division Cost of Gas Adjustment Filing Summer Period 2014, including testimonies, attachments, etc. (03-17-14) [CONFIDENTIAL & PROPRIETARY]	8
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P R O C E E D I N G

CHAIRMAN IGNATIUS: We're here today in the case of Northern Utilities, Docket DG 14-077. This is Northern Utilities' 2014 Summer Period Cost of Gas Adjustment. On March 17th, 2014, Northern filed with the Commission its proposed cost of gas rates for the Summer Period beginning May 1, 2014 and running through October 31st, 2014. And, by order of notice dated March 25th, we scheduled a hearing for this morning and called for any interventions. We see nothing in the file of anyone seeking to intervene, and doesn't look as though there's anyone here this morning.

But let's begin first with appearances.

MS. GEIGER: Yes. Good morning, Chairman Ignatius and Commissioner Honigberg. I'm Susan Geiger, from the law firm of Orr & Reno. I represent Northern Utilities. And, with me at counsel table this morning is George Simmons from the Company.

CHAIRMAN IGNATIUS: Good morning.

MR. SHEEHAN: Good morning. Michael Sheehan, for Staff. And, present with me is Stephen Frink of the Gas Division and Al-Azad Iqbal of the Gas Division.

CHAIRMAN IGNATIUS: Good morning. And, we know that the Office of Consumer Advocate had stated

[WITNESS PANEL: Kahl~Conneely]

1 that it would be participating. There is no one here
2 right now, but it may be that they join us as we get
3 underway.

4 What's the plan this morning for
5 presentation of evidence?

6 MS. GEIGER: Yes. Thank you. The
7 Company would call the two witnesses that prefiled
8 testimony in this docket as witnesses to testify this
9 morning in person. As a threshold matter, I would note
10 that the affidavit of publication that was -- that the
11 Company was ordered to submit to the Commission has been
12 submitted, and it was submitted under a cover letter from
13 Gary Epler on April 1st.

14 CHAIRMAN IGNATIUS: Thank you.

15 MS. GEIGER: And, so, that is the
16 manner. I would ask that the Company's witnesses
17 participate and testify this morning as a panel.

18 CHAIRMAN IGNATIUS: All right. That's
19 acceptable to everyone. Then, why don't you go ahead and
20 swear the witnesses, Mr. Patnaude.

21 (Whereupon **Christopher A. Kahl** and
22 **Joseph F. Conneely** were duly sworn by
23 the Court Reporter.)

24 CHAIRMAN IGNATIUS: Please proceed.

{DG 14-077} {04-24-14}

1 MS. GEIGER: Yes.

2 CHRISTOPHER A. KAHL, SWORN

3 JOSEPH F. CONNEELY, SWORN

4 DIRECT EXAMINATION

5 BY MS. GEIGER:

6 Q. Good morning. Mr. Kahl, could you please state your
7 name for the record.

8 A. (Kahl) Christopher Kahl.

9 Q. And, where are you employed and what position do you
10 hold?

11 A. (Kahl) I'm a Senior Regulatory Analyst with Unitil
12 Service Corp.

13 Q. Have you previously testified before the Commission?

14 A. (Kahl) Yes, I have.

15 Q. And, I'd like to show you a document that is entitled
16 "Northern Utilities New Hampshire Division Cost of gas
17 Adjustment Filing Summer Period 2014", dated
18 March 17th, 2014. Could you please identify this for
19 the record.

20 A. (Kahl) Yes. This is the redacted version of Northern's
21 New Hampshire Division 2014 Summer Period Cost of Gas
22 filing.

23 MS. GEIGER: And, madam Chairwoman, I'd
24 ask the Clerk to mark this as "Exhibit 1".

[WITNESS PANEL: Kahl~Conneely]

1 CHAIRMAN IGNATIUS: And, is that
2 redacted or unredacted?

3 MS. GEIGER: This one is the redacted.

4 CHAIRMAN IGNATIUS: All right.

5 MS. GEIGER: The public filing.

6 CHAIRMAN IGNATIUS: All right. So,
7 we'll mark that for identification as "Exhibit 1".

8 (The document, as described, was
9 herewith marked as **Exhibit 1** for
10 identification.)

11 MS. GEIGER: Thank you.

12 BY MS. GEIGER:

13 Q. Mr. Kahl, I'd like to show you another document that
14 bears the same title. And, it looks the same, only
15 it's been marked "Confidential" on the cover letter
16 from Mr. Simmons dated March 17, 2014. Could you
17 please identify that document for the record.

18 A. (Kahl) Yes. That is the confidential version of
19 Northern's New Hampshire Division 2014 Summer Period
20 Cost of Gas Filing.

21 MS. GEIGER: And, madam Chairwoman, I'd
22 ask the Clerk to mark this as "Exhibit 2".

23 CHAIRMAN IGNATIUS: We'll do so. Thank
24 you. So, the confidential version will be marked as

{DG 14-077} {04-24-14}

1 "Exhibit 2" for identification.

2 (The document, as described, was
3 herewith marked as **Exhibit 2** for
4 identification.)

5 MS. GEIGER: Thank you. And, madam
6 Chairwoman, I would ask that the materials that are
7 contained in Exhibit 2 be maintained confidential under
8 the Commission's rules that apply to those documents in
9 COG proceedings?

10 CHAIRMAN IGNATIUS: We will do so.

11 MS. GEIGER: Thank you.

12 BY MS. GEIGER:

13 Q. Now, Mr. Kahl, did you assist in developing the Cost of
14 Gas filing that's under consideration in this docket?

15 A. (Kahl) Yes, I did.

16 Q. And, did you prefile testimony in this docket?

17 A. (Kahl) Yes, I did.

18 Q. And, is that prefiled testimony contained under the tab
19 entitled "Kahl Testimony" in Exhibits 1 and 2?

20 A. (Kahl) Yes, it is.

21 Q. And, to the best of your knowledge and belief, was that
22 testimony true and accurate at the time that it was
23 filed?

24 A. (Kahl) Yes, it was.

[WITNESS PANEL: Kahl~Conneely]

1 Q. Do you have any corrections to your prefiled testimony?

2 A. (Kahl) I do have one correction. On Bates Page 30 in
3 the filing, also it would be Page 26 of my testimony,
4 on Line 8 I reference a date of "March 31st, 2014".
5 That should be "March 31st, 2015".

6 Q. Thank you. And, Mr. Kahl, with the correction that you
7 just indicated, if you were asked the same questions
8 this morning under oath as those in your prefiled
9 testimony, would your answers be the same?

10 A. (Kahl) Yes.

11 Q. Do you wish to add anything further to your testimony?

12 A. (Kahl) No.

13 Q. Thank you.

14 CMSR. HONIGBERG: Attorney Geiger?

15 MS. GEIGER: Yes.

16 CMSR. HONIGBERG: The version I have
17 doesn't have Bates pages. I have "Page 27 of 35" in the
18 upper right-hand corner, "31 of 192". Which page is --
19 where is the error?

20 MS. GEIGER: Perhaps, if I -- could I
21 approach just to see what you have?

22 CHAIRMAN IGNATIUS: Yes, of course.

23 CMSR. HONIGBERG: So, can we go -- can
24 you tell me what page and line it is again?

{DG 14-077} {04-24-14}

[WITNESS PANEL: Kahl~Conneely]

1 WITNESS KAHL: Yes. It's Bates Page 30
2 of 192. That's Line 8.

3 CMSR. HONIGBERG: Got it. Thank you.

4 MS. GEIGER: Thank you.

5 BY MS. GEIGER:

6 Q. Mr. Conneely, could you please state your name for the
7 record.

8 A. (Conneely) Good morning. My name is Joseph Conneely.

9 Q. Where are you employed and what position do you hold?

10 A. (Conneely) I'm employed by Unitil Service Corp. and I'm
11 a Senior Regulatory Analyst.

12 Q. Have you previously testified before the Commission?

13 A. (Conneely) Yes.

14 Q. And, did you prepare prefiled testimony for this
15 docket?

16 A. (Conneely) Yes.

17 Q. Is that prefiled testimony contained under the tab
18 entitled "Conneely Testimony" in the document that has
19 been marked for identification as "Exhibit 1" and
20 "Exhibit 2"?

21 A. (Conneely) Yes, it is.

22 Q. To the best of your knowledge and belief, was that
23 prefiled testimony true and accurate at the time it was
24 filed?

{DG 14-077} {04-24-14}

1 A. (Conneely) Yes.

2 Q. Do you have any corrections to your prefiled testimony?

3 A. (Conneely) Yes. I have one correction. On Page 5 of
4 my prefiled testimony, which is Bates stamped Page 44
5 of the filing. On Line 5, the word "April" should be
6 "October".

7 Q. Thank you. With the change that you just mentioned, if
8 you were asked the same questions today under oath as
9 those in your prefiled testimony, would your answers be
10 the same?

11 A. (Conneely) Yes.

12 Q. And, Mr. Conneely, could you please provide a very
13 brief explanation of the effect of Northern's proposed
14 Cost of Gas filing on the bills for an average
15 residential heating customer consuming 135 therms
16 during the entire Summer 2014 Period?

17 A. (Conneely) Yes. On Schedule 8, Bates stamped Page 103,
18 provides this information and shows the impact of only
19 the proposed cost of gas rate in this docket. A
20 typical residential heating customer consuming 135
21 therms during the entire six-month period of May
22 through October 2014 will see bills that total \$246.45.
23 This is \$16.50, or 7.18 percent higher than the bill
24 for the same period during the Summer 2013 Period.

1 Q. And, Mr. Conneely, could you please provide a brief
2 explanation of the expected impact on customers
3 resulting from the proposed changes in this COG docket,
4 as well as the distribution rate components that are
5 included within the Settlement Agreement on permanent
6 delivery rates that were recently approved in Docket DG
7 13-086?

8 A. (Conneely) Yes. Schedule 8, Bates Page 108 shows the
9 impact of the proposed cost of gas, as well as the
10 changes in distribution rate components considered in
11 Docket DG 13-086. An average residential heating
12 customer consuming 315 [135?] therms during the entire
13 Summer 2014 Period will see bills that total \$290.55
14 for the period May through October 2014. This is an
15 increase of 60.61, or 26.36 percent over the bills for
16 the same usage during the 2013 Summer Period. Schedule
17 8, Bates Pages 109 through 112, shows typical bill
18 impacts on Residential Non-Heating and all types of
19 commercial and industrial customers using the new
20 distribution rates, rate case expense surcharge, and
21 reconciliation charge components of DG 13-086, plus the
22 proposed cost in this docket.

23 Q. And, Mr. Conneely, I believe you just indicated in your
24 testimony the impact on a customer during the summer

[WITNESS PANEL: Kahl~Conneely]

1 period using "315 therms". Would that number more
2 correctly be "135"?

3 A. (Conneely) I'm sorry, yes. It's 135.

4 Q. Okay.

5 A. (Conneely) 135 therms for the summer.

6 Q. Okay. Thank you. And, for an average -- now let's
7 look at the entire year. For an average residential
8 heating customer using 738 therms during the year,
9 could you please explain how, on an annual billing
10 basis, the rates for November 2012 through October 2013
11 compare with all of the new rates that are being
12 proposed for the period November 2013 through
13 October 2014?

14 A. (Conneely) Yes. An average residential heating
15 customer using 738 therms per year paid \$1,080.20 for
16 the period November 2012 through October 2013. The
17 same customer will pay \$1,238.16 for the period
18 November 2013 through October 2014, if the cost of gas
19 rate in this docket is approved and the rates in DG
20 13-086 are applied. This is an annual increase of
21 \$157.96, or 14.62 percent.

22 Q. Thank you, Mr. Conneely. Do you have anything further
23 to add to your testimony?

24 A. (Conneely) No.

{DG 14-077} {04-24-14}

[WITNESS PANEL: Kahl~Conneely]

1 MS. GEIGER: Thank you. These witnesses
2 are available for cross-examination.

3 CHAIRMAN IGNATIUS: Thank you.
4 Mr. Sheehan.

5 MR. SHEEHAN: Thank you.

6 **CROSS-EXAMINATION**

7 BY MR. SHEEHAN:

8 Q. Mr. Conneely, I think you answered our first question
9 we had. But, as an overview, when you filed this
10 Summer Cost of Gas, and, Mr. Kahl, you can chime in as
11 well, that rate settlement had not been approved yet.
12 And, what you just described was you had anticipated
13 its approval, and you described the impact of that rate
14 case and the Summer Cost of Gas changes you've
15 requested, is that fair?

16 A. (Conneely) Correct.

17 Q. And, Mr. Kahl, you state that "pipeline commodity costs
18 are based on NYMEX prices as of February 28, 2014."
19 How does the February price compare with current NYMEX
20 prices for the summer?

21 A. (Kahl) NYMEX prices have been going up since that time.
22 They're approximately about roughly 20 cents higher
23 than at that time. Yesterday, I took the prior NYMEX
24 close, just to see what impact that might have on

1 rates. That would basically drive them up maybe about
2 two cents.

3 Q. Okay.

4 A. (Kahl) Per therm.

5 Q. Two cents higher than what is in the written filing?

6 A. (Kahl) Yes.

7 Q. Okay. Are there any other cost variables that have
8 changed since the filing that would have a material
9 impact on the proposed Summer Cost of Gas rate?

10 A. (Kahl) I also looked at our reconciliation, and to see
11 where that stood compared to when we had submitted the
12 filing. So, we were able to get some more updated
13 information on that reconciliation. And, what we had
14 shown in the filing was an over -- I'm sorry, an under
15 collection. The amount of that under collection has
16 come down. So, that would end up reducing rates. So,
17 my calculation showed that about maybe a four cent
18 decrease in rates.

19 Q. So, to the extent you can predict, it went up -- it
20 could go up two, based on the NYMEX, and down four
21 based on that reconciliation, that would be the kind of
22 impact that those changes would have?

23 A. (Kahl) Yes. I would also like to add, I took a look at
24 the impact of incorporating the indirect gas costs that

[WITNESS PANEL: Kahl~Conneely]

1 would have -- that would impact the rates flowing over
2 from the base rate case. And, that would -- that would
3 have a small impact on rates of about three-tenths of a
4 cent.

5 Q. Okay. And, so, if you were to summarize those various
6 changes that you just discussed, what would the overall
7 impact on the summer rate be?

8 A. (Kahl) A decrease of about 1.7 cents.

9 Q. Does the Company feel its ability to implement the
10 monthly rate adjustments not to exceed 25 percent of
11 the proposed cost of gas rate, would that allow the
12 Company to manage price fluctuations throughout the
13 summer without further Commission action?

14 A. (Kahl) Yes. However, there are no guarantees. You
15 know, prices could -- could spike up for unexplained
16 reasons. But I don't anticipate that happening.

17 Q. Can you explain why the Company is using LNG, which is
18 usually the most costly among its supply sources?

19 A. (Kahl) If you take a look at Schedule 6A, which is
20 found on Bates Page 77. And, I'm referring to Pages 77
21 and 78. We show in our dispatch a small amount of LNG,
22 especially on Page 78. This is also Page 2 of
23 Schedule 6A. And, that amount of LNG is really the
24 boil-off from the LNG tank that's located up in

1 Lewiston, Maine. And, based on the weighted average
2 cost of gas in the tank, on Bates Page 77, we see what
3 that cost is. So, we allocate a cost per month. So,
4 we always have that occur.

5 Q. And, that's just a function of storing LNG?

6 A. (Kahl) That's correct.

7 Q. Can you provide the latest updates, if any, on the FERC
8 pipeline rate cases you've discussed in your testimony?

9 A. (Kahl) There is no new news regarding PNGTS. However,
10 for TransCanada, as I had mentioned in my testimony,
11 they had a settlement that they had proposed, and
12 Northern was not a party to this settlement, the
13 National Energy Board in Canada recently had ruled that
14 it was not -- basically, it was rejecting this
15 settlement, but it would review it as a separate
16 application. And, now, TransCanada wants to proceed
17 with this as an application. So, the next step would
18 be the NEB would set a date for public comment and
19 hearing.

20 Q. How does this summer's demand forecast compare to last
21 summer's?

22 A. (Kahl) Schedule 15, which is our reconciliation, at the
23 back of that, the last two pages, you will see a
24 comparison of last summer's forecast and compare that

[WITNESS PANEL: Kahl~Conneely]

1 with last summer's actuals. And, that will show that
2 last year our forecast came in too high. And, if you
3 look at the actuals, and you compare that to this
4 summer's forecast, we are approximately 2 percent
5 higher. So, we're basically projecting 2 percent
6 growth over what actually occurred last year.

7 CHAIRMAN IGNATIUS: Mr. Kahl, what page
8 are you on? What exhibit are you looking at? Or,
9 attachment?

10 MR. SHEEHAN: Page 167. Bates Page 167.

11 CHAIRMAN IGNATIUS: Thank you.

12 WITNESS KAHL: Actually, Bates Page 166
13 shows that, that comparison of forecast to actual.

14 CHAIRMAN IGNATIUS: Thank you.

15 BY MR. SHEEHAN:

16 Q. How does this summer supply plan compare with last
17 summer's? Have there been any changes in supply points
18 or supply paths?

19 A. (Kahl) There are no major changes in our supply plan.
20 The one more minor change is our asset management
21 agreements now have incorporated that we'll be taking
22 more gas in the shoulder months of April and October,
23 just to respond to higher demands that we've seen
24 during that time period.

{DG 14-077} {04-24-14}

[WITNESS PANEL: Kahl~Conneely]

1 MR. SHEEHAN: Those are all the
2 questions Staff has.

3 CHAIRMAN IGNATIUS: Thank you.
4 Ms. Chamberlin, do you have questions?

5 MS. CHAMBERLIN: Thank you, Chairman
6 Ignatius. And, I apologize for being late.

7 CHAIRMAN IGNATIUS: No problem.

8 BY MS. CHAMBERLIN:

9 Q. For Mr. Kahl, your testimony at Bates Page 19, you
10 discuss a "refund from Portland Natural Gas
11 Transmission System." And, has that refund begun
12 flowing back to customers?

13 A. (Kahl) Yes. We started flowing that back in the
14 winter, this past winter's cost of gas proceeding. So,
15 basically, starting November 1, we flow back refunds
16 over a 12-month period. So, it will be refunded or
17 continued to be refunded through this Summer Cost of
18 Gas Period.

19 Q. Okay. And, Schedule 25 shows the refund?

20 A. (Kahl) Yes.

21 Q. The updated Schedule 25 shows an over collection of
22 about \$32,000, is that correct?

23 A. (Kahl) Yes. That is correct.

24 Q. And, what is the reason for the over collection?

{DG 14-077} {04-24-14}

[WITNESS PANEL: Kahl~Conneely]

1 A. (Kahl) It's tied to throughput. So, that's a per unit
2 charge based on the amount of throughput we expect to
3 see on the system. It was, as we all know, a
4 colder-than-normal winter, throughput was higher than
5 projected. So, we ended up over recovering.

6 Q. Okay. And, that refund amount will be adjusted to true
7 up the over recovery?

8 A. (Kahl) The difference, you know, we only have a portion
9 of the year so far. So, we still have, you know, I
10 believe months of probably March, April, May, June, to
11 see how that ends up. So, we could easily end up under
12 collecting in certain months. So, we'll just take the
13 ending balance, and -- at the end of October, and then
14 that will go into the general demand commodity bucket
15 of dollars that will end up being flowed through in the
16 general reconciliation.

17 Q. In data response to OCA 1-5, we asked about the
18 throughput measuring methodologies related to the
19 calculation of lost and unaccounted for gas. And, if
20 you don't have that, I have a copy of that one.

21 A. (Kahl) I have a copy.

22 Q. Okay. And, you say that you have a LAUF percent level
23 of 0.58 percent?

24 A. (Kahl) Yes.

{DG 14-077} {04-24-14}

[WITNESS PANEL: Kahl~Conneely]

1 Q. And, is that high, low, typical? How would you
2 characterize that?

3 A. (Kahl) I think I would say that's "typical".

4 Q. And, that percentage is reflected in Attachment 3 to
5 Schedule 10B, Page 5 of 5, correct?

6 A. (Kahl) Can you repeat where you're referencing?

7 Q. Yes. I'm just reading from the answer. It says it's
8 in "Attachment 3 to Schedule 10B, Page 5 of 5".

9 CHAIRMAN IGNATIUS: Can someone give a
10 Bates number for that please?

11 MS. CHAMBERLIN: I do not. I can --

12 WITNESS KAHL: I'm looking at Page 131.

13 MS. CHAMBERLIN: Thank you.

14 **BY THE WITNESS:**

15 A. (Kahl) Okay. Let me make also an additional
16 clarification. This attachment I'm referencing because
17 it was initially provided in the winter cost of gas
18 filing, and we had made no changes to it. So, we had
19 just referenced it to that -- to that filing. So, the
20 actual exhibit is not included in this book.

21 CHAIRMAN IGNATIUS: Well, okay. But
22 whatever it is that, Ms. Chamberlin, if you're trying to
23 refer to a particular document, let's see if we can find
24 where it is in the submission.

{DG 14-077} {04-24-14}

[WITNESS PANEL: Kahl~Conneely]

1 MS. CHAMBERLIN: Okay.

2 CHAIRMAN IGNATIUS: And if you don't
3 need the document, that's fine. Just I don't -- I'm lost
4 on what it is you're -- where you're heading. So, --

5 MS. CHAMBERLIN: Well, why don't I -- I
6 could enter as an exhibit the answer to OCA 1-5, which
7 explains the various references and where they're located.

8 CHAIRMAN IGNATIUS: All right. Help me
9 understand, what is it you're seeking to attain? Because,
10 if there's no disagreement about the data, then you don't
11 need to introduce it. I just don't know what the question
12 is and what you're trying to get from the witness.

13 MS. CHAMBERLIN: There isn't a
14 disagreement. I'm just pointing it out as a relevant
15 calculation. It's not anything different. It's just a
16 question of clarification. It doesn't sound like I'm
17 helping. So, --

18 CHAIRMAN IGNATIUS: That's all right.
19 That's all right. So, it's to establish the percentage of
20 lost and unaccounted for gas --

21 MS. CHAMBERLIN: Right.

22 CHAIRMAN IGNATIUS: -- and the
23 methodology used to reach that number?

24 MS. CHAMBERLIN: Yes. That's it.

{DG 14-077} {04-24-14}

[WITNESS PANEL: Kahl~Conneely]

1 CHAIRMAN IGNATIUS: Both the number and
2 the methodology?

3 MS. CHAMBERLIN: Yes. He describes --
4 he answers how they define "lost and unaccounted for gas",
5 and then where the -- where the calculation is reflected
6 in the schedules.

7 CMSR. HONIGBERG: Am I correct that the
8 schedule that's referenced in the response to the data
9 request isn't in the filing that we're looking at today?

10 WITNESS KAHL: That's correct.

11 CMSR. HONIGBERG: Okay.

12 CHAIRMAN IGNATIUS: All right. It
13 doesn't sound like it's a disputed issue.

14 MS. CHAMBERLIN: It's not.

15 CHAIRMAN IGNATIUS: All right. Then, I
16 don't think we need to have it submitted. Thank you.

17 BY MS. CHAMBERLIN:

18 Q. In one of our data requests, OCA 1-10, we asked for an
19 update on efforts to modify the capacity assignment
20 programs in Maine and New Hampshire. Could you
21 summarize those efforts.

22 A. (Kahl) The Company is currently working on a proposal
23 right now, both for the Maine and the New Hampshire
24 Divisions. Each proposal for each division will be

{DG 14-077} {04-24-14}

[WITNESS PANEL: Kahl~Conneely]

1 somewhat different, to reflect how the capacity
2 assignment programs are currently structured. And, the
3 Company hopes to have its filing with the State of
4 Maine within the next few weeks, and subsequent filing
5 for the State of New Hampshire within probably another
6 four-week period after that.

7 MS. CHAMBERLIN: Okay. Thank you.
8 That's all I have.

9 CHAIRMAN IGNATIUS: Thank you.
10 Commissioner Honigberg, do you have any questions?

11 CMSR. HONIGBERG: I have no questions.

12 CHAIRMAN IGNATIUS: I have just a
13 follow-up on a couple of things, very minor.

14 BY CHAIRMAN IGNATIUS:

15 Q. The PNGTS refund that you've been flowing back since
16 November is, although you're making the refund, it's
17 subject to rehearing at the FERC, correct?

18 A. (Kahl) I know there's been a request for it. So, I
19 don't -- so, basically, yes. That is a correct
20 statement.

21 Q. Actually, I was thinking I was reading from your
22 testimony, and I think maybe I read it wrong. So, I
23 don't want to put thoughts in your mind that aren't
24 there.

{DG 14-077} {04-24-14}

[WITNESS PANEL: Kahl~Conneely]

1 A. (Kahl) Uh-huh.

2 Q. I think I misread that, to think that it was, although
3 the refund had started, there was a pending rehearing
4 request.

5 A. (Kahl) PNGTS has appealed the FERC's decision.

6 Q. Okay.

7 A. (Kahl) And, the appeal has not been ruled on as of yet.

8 Q. Is there any discussion about what would happen if, on
9 rehearing, there were a change to the refund?

10 A. (Kahl) They're hasn't been any discussion. I think we
11 might look and see how, if the FERC had any guidance on
12 that, if suddenly, you know, there was another
13 surcharge we had to pay or anything like that. So, I
14 think we would look at that. The Company feels that
15 PNGTS's appeal isn't a very strong case. But, again,
16 you know, we really don't know for sure.

17 Q. But the refund is scheduled to be completed in full by
18 the end of the Summer Period?

19 A. (Kahl) Yes.

20 CHAIRMAN IGNATIUS: I have no other
21 questions. Thank you. Is there any redirect, Ms. Geiger?

22 MS. GEIGER: Yes. Thank you.

23 **REDIRECT EXAMINATION**

24 BY MS. GEIGER:

{DG 14-077} {04-24-14}

[WITNESS PANEL: Kahl~Conneely]

1 Q. Just a quick clarification on the PNGTS refund. And, I
2 think that you've already said this, but just to make
3 sure. The Company currently is flowing through the
4 refund to customers, correct?

5 A. (Kahl) Yes.

6 Q. Okay.

7 A. (Kahl) That's correct.

8 Q. Should FERC change its decision, the Company would do
9 what?

10 A. (Kahl) The Company would, you know, under the
11 assumption that the decision would totally reverse
12 that, the Company would end up having to again charge
13 its customers, you know, for that additional cost, or
14 basically recover the refund it already gave to the
15 customers. So, the details of that have not been
16 looked at.

17 MS. GEIGER: Okay. Thank you. May I
18 approach quickly?

19 CHAIRMAN IGNATIUS: That's fine. Yes.

20 (Atty. Geiger conferring with the
21 witnesses.)

22 MS. GEIGER: Thank you. We have no
23 further questions.

24 CHAIRMAN IGNATIUS: All right. Thank

[WITNESS PANEL: Kahl~Conneely]

1 you.

2 MR. SHEEHAN: Nothing further.

3 CHAIRMAN IGNATIUS: All right. Then,
4 witnesses are excused. Thank you for your testimony.

5 WITNESS KAHL: Thank you.

6 CHAIRMAN IGNATIUS: Is there -- I assume
7 there's no other testimony, correct?

8 (No verbal response)

9 CHAIRMAN IGNATIUS: Is there any
10 objection to striking the identification of the two
11 exhibits?

12 MR. SHEEHAN: No.

13 CHAIRMAN IGNATIUS: All right. Seeing
14 none, we'll do so.

15 So, unless there's anything further,
16 let's conclude with closing arguments. And, begin first
17 with Ms. Chamberlin.

18 MS. CHAMBERLIN: Thank you. The OCA
19 does not oppose the Summer 2014 Cost of Gas rate proposed
20 by the Company.

21 CHAIRMAN IGNATIUS: Thank you.
22 Mr. Sheehan.

23 MR. SHEEHAN: Thank you. Staff supports
24 the proposed Cost of Gas rates. The demand forecast and

{DG 14-077} {04-24-14}

1 supply plans are reasonable and consistent with prior
2 years. The Commission Audit Staff did perform an audit of
3 Northern's 2013 Summer Cost of Gas reconciliation that's
4 provided in Schedule 15 of the filing. And, Audit Staff
5 issued a Final Report verifying the accuracy of the
6 reported costs. The Staff thanks Northern and the OCA for
7 their ongoing cooperation in reviewing this filing. Thank
8 you.

9 CHAIRMAN IGNATIUS: Thank you. Ms.
10 Geiger.

11 MS. GEIGER: Yes. Thank you. Northern
12 would respectfully ask that the Cost of Gas proposed rates
13 that's been submitted to the Commission be approved.
14 Thank you.

15 CHAIRMAN IGNATIUS: And, these are all
16 for effect May 1st, correct?

17 MS. GEIGER: Correct.

18 CHAIRMAN IGNATIUS: All right. We will
19 take this under advisement. And, we appreciate everyone's
20 help this morning. And, we're adjourned.

21 MS. GEIGER: Thank you.

22 **(Whereupon the hearing was adjourned at**
23 **9:39 a.m.)**
24