

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 23-085

NORTHERN UTILITIES, INC.

2023-2024 Annual Cost of Gas

COMMENCEMENT OF ADJUDICATIVE PROCEEDING AND NOTICE OF HEARING

On September 15, 2023, Northern Utilities, Inc. (Northern or the Company) submitted a winter 2023-2024 and summer 2024 cost of gas (COG) filing outlining its proposed COG for the winter period (November 1, 2023 through April 30, 2024) and the summer period (May 1, 2024 through October 31, 2024), including proposed local distribution adjustment charges (LDAC). Northern's September 15 filing included proposed tariff pages and the pre-filed direct testimony and related attachments of the following Unitil Service Corp. employees: Christopher A. Kahl, Senior Regulatory Analyst (Kahl Testimony); Francis X. Wells, Manager of Energy Planning; S. Elena Demeris, Senior Regulatory Analyst (Demeris Testimony); and Daniel T. Nawazelski, Manager of Revenue Requirements. All docket filings, other than any information subject to confidential treatment, are available on the Commission's website at www.puc.nh.gov/regulatory/Docketbk/2023/23-085.html.

I. BACKGROUND AND PROCEDURAL HISTORY

In its filing, the Company proposed a winter 2023-2024 COG rate of \$0.7282 per therm for heating and non-heating residential customers, a \$0.2687 per therm, or approximately 26.95 percent, decrease compared to last winter's average residential COG rate of \$0.9969. Kahl Testimony at Bates pages 33-34, 54, 56. Based on the average use of 488 therms total for the winter period, the proposed changes to Northern's residential winter COG and LDAC rates are expected to decrease a typical

residential heating customer's total bill for the winter period by approximately \$159.91 or 13.7 percent compared with the same consumption last winter. Demeris Testimony at 98. The proposed winter 2023-2024 commercial and industrial (C&I) high winter use COG rate is \$0.6587 per therm for High Load Factor C&I customers and \$0.7402 per therm for Low Load Factor C&I customers, decreases of \$0.2629 and \$0.2706, respectively. Kahl Testimony at Bates pages 33-34.

Northern's proposed summer 2024 COG rate is \$0.5117 per therm for residential heating and non-heating customers, a \$0.1409 per therm, or approximately 38 percent, increase compared to last summer's average residential COG rate of \$0.3708 per therm. Kahl Testimony at Bates pages 34-35, 54, 56-57. Based on the average use of 111 therms total for the summer period, the proposed changes in residential COG and LDAC rates are expected to increase a typical residential heating customer's summer bill by approximately \$16.52 or 5.54 percent compared with the same consumption last summer. Demeris Testimony at 98. It proposed summer 2024 COG rates of \$0.4443 per therm for High Load Factor C&I customers and \$0.5622 per therm for Low Load Factor C&I customers, increases of \$0.1320 and \$0.1447, respectively. Kahl Testimony at Bates pages 34-35.

Northern requested approval of a LDAC rate for residential customers of \$0.0883 per therm, a decrease of \$0.0988 per therm from the current rate, and a LDAC rate for C&I customers of \$0.0362 per therm, a decrease of \$0.0141 per therm from the current rate. Demeris Testimony at Bates pages 88-89. In addition, it proposed changes to several components of its LDAC: the Gas Assistance Program (GAP), the Environmental Response Cost (ERC) Rate, Rate Case Expense (RCE), Reconciliation of Permanent Changes (RPC) in Distribution Rates, Property Tax Adjustment Mechanism (PTAM), and Regulatory Assessment Adjustment Mechanism

(RAAM). *Id.* at Bates page 88. The Company proposed: increasing the GAP rate from \$0.0037 to \$0.0061 per therm; decreasing the ERC rate from \$0.0058 to \$0.0023 per therm; decreasing the RCE rate by \$0.0048 per therm to \$0.0000 per therm; decreasing the RPC rate for residential rate classes by \$0.0937 per therm to \$0.0269, and decreasing the RPC rate for general service rate classes by \$0.0091 per therm to \$0.0011 per therm;¹ proposing a PTAM rate of \$0.0000 per therm; and increasing the RAAM rate by \$0.0008 per therm to \$0.0010 per therm. *Id.* at Bates pages 89-90, 92, 94-97.

II. ISSUES PRESENTED

The filing presents, *inter alia*, the following issues: issues related to RSA 374:2 and RSA chapter 378, including: the justness and reasonableness of rates, fares, and charges; the forecasting of sales, supplier prices, and transportation prices; weather normalization; operational issues; the retroactive adjustment of certain reconciling rates; the calculation of indirect gas costs; purchasing decisions related to current and past supplies; capacity and revenue projections related to transportation service and released capacity; the reconciliation of prior period costs and revenue; the prudence and recovery of environmental remediation; and whether the COG and LDAC rates were appropriately calculated. Accordingly, an adjudicative proceeding will be convened to address these issues.

The Commission will be conducting any hearings scheduled in this matter in person. The Commission will consider requests to conduct hearings using a hybrid format to permit remote participation by a specific individual only if the Commission has determined that a sufficient reason has been provided for why that individual

¹ The table on Bates page 89 of Ms. Demeris's testimony indicates a **\$0.0090** decrease in the current RPC rate for C&I customers of \$0.0101 for a proposed RPC rate of \$0.0011 per therm.

would be unable to attend in person. Any party requesting that a specific individual be permitted to participate remotely should file a written request with the Commission's Clerk's Office no later than fifteen (15) days prior to the hearing date. If the Commission determines that one or more individuals will be permitted to appear remotely, then individuals in the Commission's hearing room, including the Commissioners, will be broadcast on a web-enabled platform.

Based upon the foregoing, it is hereby

ORDERED, that an adjudicative proceeding be commenced for the purpose of reviewing and resolving the foregoing issues pursuant to RSA chapter 541-A, RSA 374:2 and RSA chapter 378, and the Commission's procedural rules; and it is

FURTHER ORDERED, that the Commission will hold a hearing in this matter at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on October 26, 2023, at 1:00 p.m. Three hours shall be allotted for this hearing; and it is

FURTHER ORDERED, that the New Hampshire Department of Energy shall file its position regarding Northern's petition, including the reasons for this position, on or before October 19, 2023; and it is

FURTHER ORDERED, that any entity or individual may petition to intervene and seek to be admitted as a party in this proceeding. Each party has the right to have an attorney represent the party at the party's own expense; and it is

FURTHER ORDERED, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any entity or individual seeking to intervene in the proceeding shall file with the Commission a petition to intervene with copies sent to Northern and any other parties on the service list, on or before October 13, 2023. The petition shall state the facts demonstrating how the petitioner's rights, duties, privileges, immunities, or

other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before October 23, 2023; and it is

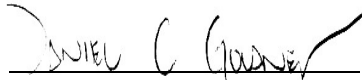
FURTHER ORDERED, that parties shall file any proposed exhibits, written testimony, motions, or other documents intended to become part of the record in this proceeding with the Commission. Pursuant to the secretarial letter issued on March 17, 2020, which is posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>, all Commission rules requiring the filing of paper copies are suspended until further notice. Parties may elect to submit any filing in electronic form unless otherwise ordered by the Commission. Filings will be considered filed as of the time the electronic copy is received by the Commission; and it is

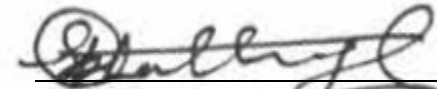
FURTHER ORDERED, that routine procedural inquiries may be made by contacting the Commission's Clerk's Office at (603) 271-2431 or ClerksOffice@puc.nh.gov. All requests to the Commission should be made in a written pleading filed with the Commission. Unless otherwise authorized by law, *ex parte* communications are prohibited; and it is

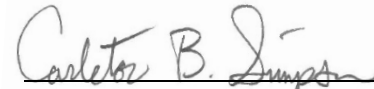
FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 203.12, Northern shall notify all entities and individuals desiring to be heard at this hearing by publishing a copy of this order of notice on its website no later than two business days after the date of issue, such publication to be documented by affidavit filed with the Commission on or before October 11, 2023. In addition, the Clerk shall publish this order of notice on the Commission's website no later than two business days after the date of issue; and it is

FURTHER ORDERED, that any hearings in this matter shall be conducted in accordance with the attached hearing guidelines.

So ordered, this fourth day of October, 2023.


Daniel C. Goldner
Chairman


Pradip K. Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

Service List - Docket Related

Docket#: 23-085

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