

STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION

Re: KeySpan Energy Delivery New England/Northern Utilities, Inc.  
Docket No. DG 07-072

**JOINT MOTION TO DESIGNATE STAFF ADVOCATE**

EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy Delivery New England (“KeySpan”) and Northern Utilities, Inc. (“Northern”), pursuant to NH RSA 363:32, I, hereby move the New Hampshire Public Utilities Commission (“Commission”) to designate George McCluskey as a staff advocate in the above-captioned matter. In support of this motion, KeySpan and Northern state as follows:

1. Based on prior decisions of this Commission, KeySpan and Northern are authorized to earn a rate of return equal to their respective overall cost of capital on the cash working capital requirements employed by them in the gas supply segment of their business.
2. In Northern's and KeySpan's 2007 summer cost of gas proceedings, Mr. McCluskey put the two gas companies on notice that he believed that the companies' allowed return on cash working capital used for gas supply purposes should be changed to a short term debt rate, instead of the overall cost of capital. In addition to other communications on the subject, Mr. McCluskey filed written testimony and gave oral testimony to that effect in Northern's cost of gas proceeding, DG 07-033.
3. Since the Staff first indicated that the return on cash working capital would be an issue they intended to pursue, the dealings between the Staff and the two gas utilities on this issue have been highly contentious. Among other things, the Staff has had disputes with

KeySpan regarding Staff's obligation to respond to discovery requests concerning the issue and Mr. McCluskey and the Director of the Commission's Legal Division have been designated as staff advocates in the proceeding that originally gave rise to this docket as it relates to Northern. In addition, as the Commission is aware from the prehearing conference held on July 25, 2007 and the parties' statements of position at that hearing, this docket is likely to be at least as contentious as the prior proceedings in which Mr. McCluskey has raised the return on working capital issue. By way of illustration, the Staff and the five utilities in this case have thus far been unable to agree on matters as basic as who bears the burden of proof, what the procedural schedule should be, whether the proceeding should be conducted in one phase or two, and even what utilities should be parties to the docket.

4. RSA 363:32 I(a)(2) requires the Commission to designate members of its staff as staff advocates when, among other things “[t]he docket concerns an issue or matter which is particularly contentious or controversial and which is significant in consequence.”

5. The record in this proceeding and related prior proceedings involving KeySpan and Northern make clear that the issues in this docket are particularly contentious and are significant in consequence. If implemented, Staff’s proposal would result in a significant change from prior approved ratemaking practice. In addition to the direct financial impact of the issue raised by Mr. McCluskey, his proposed change in ratemaking practice would for the first time identify and separate out individual segments of gas utilities' invested capital and apply different cost factors to them, resulting in a change in the associated revenue requirement.

6. In addition to the foregoing, KeySpan and Northern believe that grounds also exist to designate Mr. McCluskey as a staff advocate pursuant to RSA 363:32,I(1), which provides for such designation when “[i]t appears that staff members have committed or are likely

to commit to a highly adversarial position in the proceeding and may not be able to fairly and neutrally advise the commission on all positions advanced in the proceeding." As noted above, Mr. McCluskey has already taken an unequivocal position on the issues being contested in this docket, and he appears sufficiently committed to it that there is at least the appearance that he will not be able to advise the Commission fully of the merits of the utilities' position in this case.

7. Counsel for KeySpan and Northern have contacted Staff, the Office of Consumer Advocate ("OCA"), Public Service Company of New Hampshire ("PSNH"), National Grid and Unitil Energy Systems ("Unitil") regarding the relief requested in this motion. National Grid consents to the relief requested in this motion. Unitil, PSNH and OCA take no position at this time. Staff objects to the motion.

WHEREFORE, KeySpan and Northern respectfully request that the Commission:

- A. Designate George McCluskey as a staff advocate pursuant to RSA 363:32, I; and
- B. Grant such further relief as it deems equitable and just.

Respectfully submitted,

EnergyNorth Natural Gas, Inc. d/b/a  
KeySpan Energy Delivery New England

By its Attorneys

Date: August 15, 2007

  
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Northern Utilities, Inc.

By its Attorneys

Date: August 15, 2007

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Motion to Designate Staff Advocate has been forwarded this 15<sup>th</sup> day of August, 2007 to the service list in the above-captioned proceedings.

Steven V. Camerino  
CAB