

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

**EnergyNorth Natural Gas, Inc.
d/b/a National Grid NH**

Docket DG 08-009

**Direct Testimony
Of
Ann E. Leary and Stephen P. Frink
in Support of Settlement on Temporary Rates**

July 22, 2008

1 **Q. Please state your names and business addresses.**

2 A. My name is Ann E. Leary. My business address is 201 Jones Road, Waltham,
3 Massachusetts 02451. I am employed by KeySpan Corporate Services, LLC as
4 the Manager of Pricing—New England for the National Grid USA regulated local
5 gas distribution companies in Massachusetts and New Hampshire. In that
6 capacity, I provide services to EnergyNorth Natural Gas, Inc., which does
7 business under the name National Grid NH (“National Grid NH” or the
8 “Company”).

9 My name is Stephen P. Frink. I am employed by the New Hampshire Public
10 Utilities Commission as Assistant Director of the Gas & Water Division. My
11 business address is 21 S. Fruit Street, Suite 10, Concord, New Hampshire 03301.

12 **Q. What is the purpose of your testimony?**

13 A. Our testimony sets forth the agreement between the Company and the Staff on the
14 Company’s request for temporary rates.

15 **Q. What level of temporary rates did the Company propose?**

16 A. As described in the February 25, 2008 Direct Testimony of John E.
17 O’Shaughnessy and Ann E. Leary Regarding Temporary Rates, the Company
18 requested temporary rates at a level that would generate additional annual gross
19 operating revenue of \$6,620,440, which would result in a 16% increase in base
20 distribution rates and a 3.75% increase in customers' overall bills. The Company
21 requested that temporary rates take effect on August 24, 2008 on a service-
22 rendered basis, and that they be applied to customers based on the rate design set

1 forth in the Company's filing in support of permanent rates, which is described in
2 Mr. Goble's testimony.

3 **Q. Have Staff and the Company reached an agreement on temporary rates?**

4 A. Yes. Staff and the Company have agreed to recommend that temporary rates be
5 set based on the revenue requirement requested by the Company (an annual
6 increase in operating revenue of \$6,620,440) effective August 24, 2008 on a
7 service rendered basis, but that the difference between existing revenues and the
8 proposed revenue requirement be recovered pro rata across all current rate classes
9 based on the Company's currently effective rate design. Permanent rates, once
10 approved by the Commission, would be reconciled back to August 24, 2008.

11 **Q. Please describe the estimated bill impacts resulting from the temporary rate**
12 **changes being proposed by the Company.**

13 A. The Company anticipates that the average increase for customers in the Residential
14 Heating class will be approximately 4.1% on an annual basis. Customers in the
15 Residential Non-Heating class will experience a 5.7% total bill increase on average.
16 The Commercial and Industrial High Winter Use customers (G-40 series) will
17 experience bill impacts ranging on average from a 2.1% increase to a 3.8% increase,
18 while Commercial and Industrial Low Winter Use customers (G-50 series) will
19 experience bill impacts ranging on average from an increase of 0.4% to 3.3%. These
20 rates are reflected on Attachment AEL/SPF-1, which is a revised report of proposed
21 rate changes.

22 **Q. Did the Staff and Company agree to any other changes to be implemented**
23 **with temporary rates?**

1 A. Yes. Currently, the Company bills its customers on a wet therm basis. The
2 Company is billed by its suppliers on a dry therm basis and has requested to
3 change its billing to a dry therm billing to conform to the industry norm. The
4 Staff and the Company have agreed that effective August 24, 2008, the Company
5 will begin billing on a dry therm basis. There will be no revenue impact to the
6 customer or Company as a result of this change, but this will make the
7 reconciliation process far less burdensome when permanent rates are determined,
8 assuming that the Commission ultimately approves the changeover to dry therm
9 billing.

10 **Q. Are the proposed temporary rates sufficient to yield not less than a**
11 **reasonable return on the cost of the property used and useful in the public**
12 **service less accrued depreciation, as shown by the reports of the Company**
13 **filed with the Commission?**

14 A. Yes. Because temporary rates are reconcilable once a decision on permanent
15 rates is issued, they should allow the Company to earn a reasonable return on its
16 investment. As described in the Direct Testimony of John E. O'Shaughnessy and
17 Ann E. Leary Regarding Temporary Rates, the Company's requested level of
18 temporary rates yields a rate of return below what is currently authorized and
19 below the rate of return sought in this proceeding. Specifically, the additional
20 revenue that would be generated by the temporary rate increase is 44% of the
21 increase that the Company would be entitled to receive based on the rate base and
22 operating expenses reflected in the Company's unadjusted books and records on

1 file with the Commission and 45% of what the Company would be entitled (on a
2 per books basis) to receive using the last allowed rate of return.

3 **Q. Does this conclude your testimony?**

4 **A. Yes.**

**National Grid NH
Rate Design Filing
Report of Proposed Rate Changes- Temporary Rates**

Attachment AEL/SPF-1
National Grid NH
DG 08-009
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Line No.	RESIDENTIAL			C & I High Winter Use			C & I Low Winter Use					Combined
	Non-Heat	Heat	Low Income (After Discount)	Small High Winter Use	Med High Winter Use	Large High Winter Use	Small Low Winter Use	Med Low Winter Use	Large Load Factor <90%	Large Load Factor <110%	Large Load Factor >110%	Large Load Factor >90%
1	RNSH	RSH	RLIAP	SH	MH	LH	SL	ML	LLL90	LLL110	LLG110	LLG90
2	R-1	R-3	R-4	G-41	G-42	G-43	G-51	G-52	G-53	G-54	G-63	G-63
3	b. Effect of Proposed Change											
4	Increase (Decrease)											
5	\$ 111,189	\$ 3,416,488	\$ 97,437	\$ 1,043,734	\$ 1,230,342	\$ 144,902	\$ 182,354	\$ 174,998	\$ 152,910	\$ 2,782	\$ 61,004	\$ 64,152
6												
7	c. Average Number of Customers											
8	4,975	63,221	4,530	7,277	1,464	43	1,356	300	38	1	16	83,221
9												
10	d. Estimated Annual Revenue											
11	Present Rates											
12	1,957,025	83,715,561	5,009,696	27,439,051	42,495,615	6,980,652	5,509,807	8,435,263	11,515,095	260,410	14,187,145	14,447,556
13	Proposed Rates											
14	2,068,214	87,132,049	5,107,133	28,482,786	43,725,957	7,125,554	5,692,161	8,610,260	11,668,005	263,193	14,248,149	14,511,708
15	e. Proposed Rates, \$/bill											
16	Present Rates											
17	\$ 32.78	\$ 110.35	\$ 92.16	\$ 314.20	\$ 2,418.69	\$ 13,672.36	\$ 338.57	\$ 2,345.32	\$ 25,050.97	\$ 21,057.57	\$ 74,097.15	\$ 14.47
18	\$ 34.64	\$ 114.85	\$ 93.95	\$ 326.15	\$ 2,488.71	\$ 13,956.17	\$ 349.78	\$ 2,393.98	\$ 25,383.62	\$ 21,282.53	\$ 74,415.77	\$ 14.53
19	Increase (Decrease)											
20	\$ 1.86	\$ 4.50	\$ 1.79	\$ 11.95	\$ 70.03	\$ 283.81	\$ 11.21	\$ 48.66	\$ 332.65	\$ 224.96	\$ 318.61	\$ 0.06
21	Percentage Increase (Decrease)											
22	5.68%	4.08%	1.94%	3.80%	2.90%	2.08%	3.31%	2.07%	1.33%	1.07%	0.43%	0.44%

NOTES:

Data above imputes gas supply costs for transportation customers equal to current COG rates for both present and proposed rates.