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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

April 16, 2008 - 1:35 p.m.  
Concord, New Hampshire

RE: DG 08-045  
NEW HAMPSHIRE GAS CORPORATION:  
Summer 2008 Cost of Gas Adjustment.

PRESENT: Chairman Thomas B. Getz, Presiding  
Commissioner Graham J. Morrison  
Commissioner Clifton C. Below

Sandy Deno, Clerk

APPEARANCES: Reptg. New Hampshire Gas Corporation:  
Meabh Purcell, Esq. (Dewey & LeBoeuf)

Reptg. PUC Staff:  
Edward N. Damon, Esq.

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

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## I N D E X

3

PAGE NO.

4

WITNESS PANEL:           JENNIFER M. BOUCHER  
                                  DAVID GRANDE

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Direct examination by Ms. Purcell

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Cross-examination by Mr. Damon

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## E X H I B I T S

12

EXHIBIT NO.

D E S C R I P T I O N

PAGE NO.

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1

NHGC Summer 2008 CGA filing for the  
for the period May 1, 2008 through  
October 31, 2008 (03-19-08)

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Revised Summer 2008 CGA filing  
(04-15-08)

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CLOSING STATEMENTS BY:

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Mr. Damon

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Ms. Purcell

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{DG 08-045} (04-16-08)

1 P R O C E E D I N G S

2 CHAIRMAN GETZ: Okay. Good afternoon,  
3 everyone. We'll open the hearing in docket DG 08-045. On  
4 March 20, 2008, New Hampshire Gas Corporation filed its  
5 cost of gas rates for the period May 1 through October 31,  
6 2008. The Company proposes a cost of gas rate of \$1.9232  
7 per therm, a 37 cent per therm increase from last summer.  
8 The estimated impact of the increase on a typical  
9 residential heating customer's summer bill is an increase  
10 of approximately \$63, or 14 percent, compared to last  
11 summer.

12 An order of notice was issued on March  
13 21 setting the hearing for this afternoon. Can we take  
14 appearances please.

15 MS. PURCELL: Good afternoon,  
16 Commissioners. Meabh Purcell, of Dewey & LeBoeuf, in  
17 Boston, representing New Hampshire Gas Corporation.

18 CHAIRMAN GETZ: Good afternoon.

19 CMSR. MORRISON: Good afternoon.

20 CMSR. BELOW: Good afternoon.

21 MR. DAMON: Good afternoon,  
22 Commissioners. Edward Damon, for the Staff, and with me  
23 this afternoon are Stephen Frink and Robert Wyatt.

24 CMSR. BELOW: Good afternoon.

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1 CMSR. MORRISON: Good afternoon.

2 CHAIRMAN GETZ: Good afternoon. Is  
3 there anything we need to address before we hear from the  
4 Company's witness?

5 MS. PURCELL: Yes. I have a technical  
6 issue with the publication. The Company, on a timely  
7 basis, as soon as the order of notice came out, did  
8 forward it to the Keene Sentinel for publication. And, it  
9 just came to our attention before this hearing, when I was  
10 asking for the return of service, that the newspaper  
11 didn't complete the affidavit, but in and of itself it  
12 wasn't such a major issue, I was just going to follow up  
13 with that, but we noticed that the paper actually didn't  
14 publish until April 11th, and it was supposed to be  
15 published on March 26th.

16 So, I have a couple of -- I guess my  
17 request would be that, since this is a rule, rather than a  
18 statutory requirement, that, if the Commission would, in  
19 light of the fact that in prior New Hampshire Gas  
20 Corporation proceedings, first of all, this has never  
21 happened before, but there has never been any public  
22 comment or intervention by any member of the public  
23 pursuant to one of these notices. And, this CGA is no  
24 different, really, it doesn't present any other unique

1 issues that other CGAs haven't. And, that in this  
2 instance, just to make an exception and waive the --

3 CHAIRMAN GETZ: Waive the March 26th  
4 deadline --

5 MS. PURCELL: Yes.

6 CHAIRMAN GETZ: -- in the order of  
7 notice and substitute April 11th --

8 MS. PURCELL: Yes.

9 CHAIRMAN GETZ: -- as the date"?

10 MS. PURCELL: For this instance.

11 CHAIRMAN GETZ: Is there any objection  
12 from Staff?

13 MR. DAMON: Yes, I mean, Staff, again,  
14 has never been contacted by anyone with an interest in  
15 intervening today, and so I don't, so far as we know, do  
16 not know of anyone who's been prejudiced by the late  
17 publication. So, Staff does not object to the waiver  
18 request.

19 CHAIRMAN GETZ: And, the notice on this  
20 was actually -- or, publication actually took place five  
21 days in advance of this hearing, so we will grant the  
22 waiver.

23 MS. PURCELL: Thank you very much. I'd  
24 like to, if now is a good time, to ask Ms. Boucher and

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[WITNESS PANEL: BOUCHER|GRANDE]

1 Mr. Grande to take the stand as a panel.

2 CHAIRMAN GETZ: Thank you.

3 (Whereupon Jennifer M. Boucher and  
4 David Grande were duly sworn and  
5 cautioned by the Court Reporter.)

6 JENNIFER M. BOUCHER, SWORN

7 DAVID GRANDE, SWORN

8 DIRECT EXAMINATION

9 BY MS. PURCELL:

10 Q. Good afternoon. Ms. Boucher, I'm going to just start  
11 with you. Could you please state your full name and  
12 your position and your business address for the record.

13 A. (Boucher) Certainly. My name is Jennifer Boucher. I'm  
14 the Manager of Regulatory Economics for the Berkshire  
15 Gas Company. And, my business address is 115 Cheshire  
16 Road, Pittsfield, Mass. 01201.

17 Q. Thank you. And, Mr. Grande, could you please state  
18 your name and your business address.

19 A. (Grande) Yes. My name is David Grande. I'm the  
20 Manager of Operations for the Berkshire Gas Company  
21 located in Pittsfield, Massachusetts. And, I also act  
22 as the General Manager for New Hampshire Gas Corp., in  
23 Keene, New Hampshire.

24 Q. Thank you. And, does the Berkshire Gas Company provide

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[WITNESS PANEL: BOUCHER|GRANDE]

1 services to the New Hampshire Gas Corporation?

2 A. (Grande) Yes, they do.

3 Q. Ms. Boucher, are you the same Jennifer Boucher who

4 submitted the proposed CGA rates on behalf of New

5 Hampshire Gas for the period May 1, 2008 through

6 October 31, 2008 on March 19th?

7 A. (Boucher) Yes, I am. I submitted a filing by letter

8 dated March 19, 2008.

9 Q. Thank you. And, Mr. Grande, did you file testimony in  
10 this proceeding?

11 A. (Grande) I did not.

12 Q. And, could you just briefly explain what the purpose of  
13 your testimony is today?

14 A. (Grande) I'm here today to update on the unaccounted  
15 for gas or any other operational issues that Staff may  
16 have.

17 MS. PURCELL: Okay. I would like to  
18 mark for identification purposes the March 19th filing,  
19 which I'm assuming everyone has a copy, but I have one for  
20 the stenographer and the clerk. This would be Company --  
21 "NHGC Exhibit 1".

22 CHAIRMAN GETZ: It will be so marked.

23 (The document, as described, was  
24 herewith marked as Exhibit 1 for

{DG 08-045} (04-16-08)

[WITNESS PANEL: BOUCHER|GRANDE]

1 identification.)

2 BY MS. PURCELL:

3 Q. Ms. Boucher, since your initial filing, which has been  
4 marked as "Company Exhibit 1", have you made any  
5 revisions to the proposed CGA?

6 A. (Boucher) Yes. Revisions to the proposed CGA were made  
7 on Tuesday, April 15th.

8 MS. PURCELL: Thank you. And I --

9 CHAIRMAN GETZ: We have copies.

10 MS. PURCELL: You do have, okay. I will  
11 ask that the April 15th filing be marked as "New Hampshire  
12 Gas Corporation Exhibit 2".

13 CHAIRMAN GETZ: So marked.

14 (The document, as described, was  
15 herewith marked as Exhibit 2 for  
16 identification.)

17 BY MS. PURCELL:

18 Q. Okay. Ms. Boucher, were the documents that have been  
19 marked for identification purposes as "New Hampshire  
20 Gas Corporation Exhibits 1" and "2", were they prepared  
21 by you or under your direct supervision?

22 A. (Boucher) Yes, they were.

23 Q. And, Ms. Boucher, could you please explain the  
24 revisions to the proposed CGA rate in New Hampshire Gas

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[WITNESS PANEL: BOUCHER|GRANDE]

1 Corporation Exhibit 2?

2 A. (Boucher) Certainly. There were a few of them. If I  
3 could draw your attention to Exhibit 2, I will start  
4 with Attachment B of Exhibit 2, Line 23, which is  
5 labeled "Firm Sales". After a discussion with Staff  
6 about the firm sales levels for September and October,  
7 the Company has updated those sales levels by about  
8 2,000 therms for those two months. So, that was the  
9 first update that was made to the filing.

10 Q. Okay.

11 A. (Boucher) On Attachment C, the following page, the  
12 prime rate has changed since the Company's initial  
13 filing in March, and that is updated on line numbers 9,  
14 10, 11 and 12.

15 Q. Could you point under which column on Attachment C?

16 A. (Boucher) I'm sorry. It's Column 6, line numbers 9,  
17 10, 11 and 12, the prime rate has been updated. Next,  
18 on Attachment E, Line Number 4, entitled "Beginning  
19 Balance" for April 2008, those figures have been  
20 updated with actual therms and dollar information, and  
21 the cost has been updated with actual figures beginning  
22 April 2008. And, then, the final update that was made  
23 was Supplemental Schedule C. And, in the first column,  
24 entitled "Mt. Belvieu", the Company updated the New

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1 York Mercantile propane futures prices as of April  
2 11th. And, further over to the right, in the column  
3 entitled "Truck to Keene", the Company updated the  
4 trucking charges because the fuel surcharge rate has  
5 increased since the Company's initial filing in March.

6 Q. Thank you. And, now, where in the revised filing can  
7 you -- is the Company's proposed CGA rate set out?

8 A. (Boucher) On the second page of Exhibit 2, entitled  
9 "33rd Revised Page 25", the Company's rate is proposed  
10 at 1.9720 per therm.

11 Q. Okay. And, can you please explain in more detail the  
12 derivation of that proposed rate?

13 A. (Boucher) Certainly. The Company has forecasted  
14 propane costs for the period in the amount of \$646,000,  
15 I'm sorry, 646,682. There is a prior period adjustment  
16 in the amount of \$21,349, for a total anticipated cost  
17 for the period of \$668,031. Those costs are divided by  
18 the Company's projected sales of 338,752 therms,  
19 arriving at the projected cost of gas rate of 1.9720  
20 per therm.

21 Q. Thank you. And, could you please state how the  
22 proposed CGA rate compares to last summer's FPO and  
23 non-FPO rates?

24 A. (Boucher) Certainly. The projected Summer 2008 cost of

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[WITNESS PANEL: BOUCHER|GRANDE]

1 gas rate of 1.9720 is approximately a 42 cent per therm  
2 increase over the average Summer 2007 cost of gas rate  
3 of 1.5482.

4 Q. Thank you. And, have you done an analysis of the  
5 impact of the proposed rate on a typical customer bill?

6 A. (Boucher) Yes. A typical average residential heat and  
7 hot water customer will likely see an increase over the  
8 entire summer period of about \$71.

9 Q. And, is there a schedule that indicates that?

10 A. (Boucher) Yes. On Exhibit 2, Supplemental Schedules A  
11 and B, at the bottom right-hand corner of the schedule,  
12 it shows the "Seasonal total bill difference from  
13 previous year", and that's where the \$71 is displayed.

14 Q. Okay. Thank you. And, you may have said this, the \$71  
15 is spread over the period of the entire CGA, the  
16 six-month period?

17 A. (Boucher) That's correct.

18 Q. Okay. Thank you. And, Ms. Boucher, do you have  
19 anything else to add about the filing?

20 A. (Boucher) No.

21 Q. Thank you. Mr. Grande, could you please explain how  
22 the Company's lost and unaccounted for gas has changed  
23 during the last period?

24 A. (Grande) Sure, I'd be happy to comment on that. The

[WITNESS PANEL: BOUCHER|GRANDE]

1 2007 unaccounted for gas for New Hampshire Gas, as  
2 reported in our DOT report, is down to 3.44 percent.  
3 That is a reduction of over 3 percent from our 2006 DOT  
4 report. So, New Hampshire Gas Corporation has made  
5 significant improvements over the last year, and then  
6 basically has been following the footsteps of our  
7 Unaccounted For Gas Program that we filed in 2006.

8 MS. PURCELL: Thank you. I have no  
9 further questions at this time. Ms. Boucher and  
10 Mr. Grande are available for questioning by the Staff and  
11 the Commission.

12 CHAIRMAN GETZ: Thank you. Mr. Damon.

13 MR. DAMON: Thank you.

14 CROSS-EXAMINATION

15 BY MR. DAMON:

16 Q. Ms. Boucher, on Page 3, Lines 20 to 25 of your  
17 testimony, you report the Company's derivation of its  
18 firm sales forecast as presented in Attachment B by  
19 weather normalizing the actual results for the Summer  
20 2007 period. Staff understands in years past the  
21 Company utilized a three-year historical average in  
22 developing its sales forecast. And, does the Company  
23 expect that this forecasting -- that the new  
24 forecasting methodology to be more accurate than the

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- 1 three-year average that the Company formally used?
- 2 A. (Boucher) Yes, we do. We've had significant growth in  
3 our system over the last one to two years, with the  
4 addition of the Monadnock Marketplace. And,  
5 incrementally, we've also been adding smaller  
6 customers. So, we believe that it's more favorable to  
7 use a weather-normalized measure from the prior period,  
8 rather than the three-year average.
- 9 Q. Has the Company compared the weather-normalized  
10 forecast method to the three-year historical average  
11 forecast?
- 12 A. (Boucher) I have not done that calculation.
- 13 Q. Does the Company see any significant new load growth  
14 opportunities in the future?
- 15 A. (Grande) Sure. I mean, we will be adding a large  
16 commercial customer to the system this year. That  
17 customer should be on by the fall. And, we're  
18 anticipating an increase of approximately 30,000 therms  
19 by the addition of that customer.
- 20 Q. And, finally, has the Company experienced any  
21 operational problems related to the recent Monadnock  
22 Marketplace load additions?
- 23 A. (Grande) No, we have not, sir. We have incorporated  
24 plant enhancements with the Monadnock Marketplace, and

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1 the system is functioning per our expectations with  
2 those modifications.

3 Q. Now, you, Mr. Grande, had mentioned a "3.44 percent"  
4 figure as the unaccounted for percentage in the most  
5 recent DOT report.

6 A. (Grande) Yes, sir.

7 Q. Is that "3.44 percent" figure an annual percentage or  
8 does it only apply to this summer period or to the  
9 current period?

10 A. (Grande) No, it's an annual percentage.

11 Q. Now, Staff understood that one corrective measure the  
12 Company was expecting to do was to install a turbine  
13 meter at its propane/air plant. I'd like to ask you if  
14 that has been accomplished, and, if it hasn't, when you  
15 expect it to be installed?

16 A. (Grande) Yes, that has not been accomplished yet. The  
17 turbine meter, we are purchasing that from one of our  
18 sister companies, it's going to be coming from the  
19 University of Massachusetts. And, the plant that that  
20 turbine meter is serving has not been decommissioned  
21 yet. We anticipate that to happen this summer. And,  
22 our intent is to have that turbine meter ready to go  
23 for winter operations.

24 Q. Okay. So, that turbine meter is not a new piece of

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1 equipment, it's already in use someplace else?

2 A. (Grande) Yes, but it's a costly piece of equipment.

3 It's just not a turbine meter, there's other electronic

4 instrumentation that goes along with that that is going

5 to fit in with the rest of the automation that we've

6 done with the plant. Probably, off-the-shelf,

7 probably, brand-new, somewhere in the 75 to \$100,000

8 range if we went out and purchased that brand-new. So,

9 there is considerable cost savings to the Company by

10 waiting for this other piece of equipment to be

11 decommissioned.

12 Q. And, so, what are they paying? What is the purchase

13 price?

14 A. (Grande) I'm not really sure. We haven't decided what

15 that will be, the market price. It's going to be

16 considerably less than if we went out and purchased it

17 brand-new.

18 Q. And, from what company will it be purchased?

19 A. (Grande) Berkshire Gas.

20 Q. Berkshire Gas. In response to Staff Data Request 1-3,

21 the Company confirmed that the pipeline fee per gallon

22 rate increased to \$0.0748, which ties to that used in

23 Supplemental Schedule C. And, have there been any

24 updates in the pricing in Supplemental Schedule C since

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[WITNESS PANEL: BOUCHER|GRANDE]

1 the initial filing? And, you may have covered that on  
2 your direct.

3 A. (Boucher) I did cover that in my initial direct, yes.  
4 I did check the Tepco Pipeline's FERC tariffs, and  
5 there are no additional updates to the per gallon  
6 charge. Although, typically, the charge does increase  
7 every July 1st, it's not available what the new rate  
8 will be yet.

9 Q. Okay. On Page 4, Lines 5 to 7 of your testimony, you  
10 note that Attachment D provides the results for last  
11 summer's cost of gas with an ending balance of \$22,149.

12 MS. PURCELL: Ed, what's that reference  
13 again? Page 4, Lines --

14 MR. DAMON: Five to seven.

15 MS. PURCELL: Five to seven.

16 BY MR. DAMON:

17 Q. Yes. And, I think that that's stayed the same, I  
18 believe, in the revised filing. And, that figure, I  
19 take it, represents an undercollection from last  
20 summer?

21 A. (Boucher) Yes, it does.

22 Q. And, can you confirm that these costs from the 2007  
23 Summer cost of gas period have been audited by the PUC  
24 Audit Staff?

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- 1 A. (Boucher) Yes, I have been in contact with Mr. Paul  
2 Tessier from your staff that he did issue a final audit  
3 letter approving the costs that were in the 2007 Summer  
4 Period.
- 5 Q. On Page 6 of the Company's testimony, it refers to the  
6 evaluation of the Propane Purchasing Stabilization Plan  
7 and Hedging Program. And, in the Company's view, has  
8 the plan achieved its goal?
- 9 A. (Boucher) Absolutely. One second. On Attachment  
10 NHPUC-2, the Company was able to estimate that  
11 customers that participated in the Fixed Price Option  
12 contracts last winter saved approximately \$150,000,  
13 versus the customers that did not participate, but they  
14 were -- but participated in the Non-Fixed Price Option.
- 15 Q. Well, let me ask you, has the Company moved forward in  
16 its pre-purchasing for the upcoming winter period?
- 17 A. (Grande) Yes, we have.
- 18 Q. And, it appears that the Company has sent out four RFPs  
19 for the winter volumes. How many responses were there  
20 to the RFP?
- 21 A. (Boucher) The Company only received one response to its  
22 RFP. We did follow up with the other bidders, and  
23 there were no other interested parties in bidding on  
24 our RFP.

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- 1 Q. And, has the Company completed its analysis of the  
2 response?
- 3 A. (Boucher) The Company looked at the respondent's bid  
4 and found that it's comparable to prior years. And,  
5 it's in the vicinity of a premium of about five cents a  
6 gallon, which we feel is very reasonable on propane  
7 costs, in the \$1.50 to \$1.75 per gallon range.
- 8 Q. Do you have any sense of why the other three companies  
9 did not choose to bid?
- 10 A. (Boucher) I did ask follow-up questions about that.  
11 And, I got a sense that propane storage in the  
12 Northeast, there isn't much propane storage in the  
13 Northeast, and that the terms of our Stabilization Plan  
14 would make it difficult for the other suppliers to  
15 participate, because they have limited storage in the  
16 Northeast.
- 17 Q. Okay. Could you explain a little bit more about why --  
18 why that actually becomes an impediment to their  
19 operations?
- 20 A. (Boucher) The way that our program is set up is that we  
21 are able to lock in certain volumes over the summer and  
22 call upon them during the winter months on a  
23 predetermined schedule. And, it's my sense that the  
24 scheduling that we require at the locked-in prices, the

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1 other companies aren't able to accommodate that. I'm  
2 not sure how else to explain it. I just would add to  
3 that that I did sort of solicit advice from the other  
4 sister companies at EnergyEast, if they had any other  
5 advice for us on how to have more participation in our  
6 RFP. And, they did provide a list of one or two  
7 vendors that we will attempt to correspond with over  
8 the coming year to see if we can increase our  
9 participation next year.

10 Q. Okay. Has the Company awarded the contract yet?

11 A. (Grande) Yes, the Company has awarded the contract to  
12 Texas Liquids. We executed that contract on March 24th  
13 of 2008.

14 MR. DAMON: Thank you very much. I have  
15 no further questions.

16 CHAIRMAN GETZ: Okay. No questions from  
17 the Bench. Any redirect?

18 MS. PURCELL: No.

19 CHAIRMAN GETZ: Then, the witnesses are  
20 excused. Thank you. Is there any objection to striking  
21 identifications and admitting the exhibits into evidence?

22 MR. DAMON: No.

23 CHAIRMAN GETZ: Hearing no objection,  
24 they are admitted into evidence. Is there anything we

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1 need to address before opportunity for closing statements?

2 (No verbal response)

3 CHAIRMAN GETZ: Hearing nothing, then,  
4 Mr. Damon.

5 MR. DAMON: Thank you. Staff recommends  
6 approval of the revised proposed summer cost of gas rate.  
7 The Audit Staff has found no exceptions to the 2007 Summer  
8 Season Reconciliation. The sales forecast and supply  
9 planning appear to be reasonable and reflect recent growth  
10 in the system. And, again, the summer gas costs and  
11 revenues will be reconciled prior to the 2009 Summer cost  
12 of gas, and any concerns that may arise will be addressed  
13 in that proceeding.

14 Staff supports the Company's Propane  
15 Purchasing Stabilization Plan. It reduces the concern for  
16 speculation by requiring that set amounts be hedged over  
17 an extended period of time, so that, even during periods  
18 of rising prices, New Hampshire Gas Company will have  
19 secured a significant portion of its supply prior to  
20 setting the winter rate. I think the Staff would also be  
21 interested in exploring further with the Company the  
22 reasons why there hasn't been more interest in bidding for  
23 that.

24 Staff notes that the Company's efforts

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1 to reduce unaccounted for gas over recent years is now  
2 showing remarkable results, at a time when the Company's  
3 operations seem to be as efficient as possible to offset  
4 the high propane market prices. Thank you.

5 CHAIRMAN GETZ: Thank you. Ms. Purcell.

6 MS. PURCELL: Thank you. New Hampshire  
7 Gas Corporation respectfully requests approval of the  
8 proposed CGA rate of 1.9720 per therm for the upcoming  
9 summer period. And, the Company is pleased with its  
10 success in reducing its lost and unaccounted for gas, and  
11 will continue its efforts for further improvements in  
12 future periods. And, the Company appreciates Staff's  
13 support and its cooperation and assistance during the CGA  
14 proceedings. And, we thank the Commission for its time.

15 CHAIRMAN GETZ: All right. Thank you,  
16 everyone. We'll close the hearing and take the matter  
17 under advisement.

18 (Whereupon the hearing ended at 2:03  
19 p.m.)

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