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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

July 15, 2008 - 1:37 p.m.
Concord, New Hampshire

RE: DG 08-045
NEW HAMPSHIRE GAS CORPORATION:
Summer 2008 Cost of Gas Adjustment.
(Hearing regarding revised Summer 2008
Cost of Gas Rate.)

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

Connie Fillion, 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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E X H I B I T S

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3	Interim Summer 2008 Cost of Gas filing (06-19-08)	5
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4	Revised Summer 2008 Cost of Gas filing (07-14-08)	6
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CLOSING STATEMENTS BY:

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Ms. Purcell	12
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1 P R O C E E D I N G S

2 CHAIRMAN GETZ: Okay. Good afternoon.
3 We'll open the hearing in docket DG 08-045. By Order
4 Number 24,850, issued April 23 this year, we approved the
5 2008 Summer Period cost of gas rate for New Hampshire Gas
6 Corporation. The rate was set at \$1.9720 per therm, which
7 could be adjusted monthly without further Commission
8 approval to a maximum rate of \$2.3664 per therm. On
9 June 19th, New Hampshire Gas filed a revised COG,
10 proposing that rates beginning in August would be
11 increased to \$2.4819 per therm, with a maximum rate of
12 \$2.9782 per therm. Supplemental order of notice was
13 issued on June 20 setting the hearing for this afternoon.

14 Can we take appearances please.

15 MS. PURCELL: Good afternoon,
16 Commissioners. Meabh Purcell, from 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: And, good afternoon,

22 Commissioners. Edward Damon, for the Staff, and with me
23 are Robert Wyatt and Stephen Frink.

24 CHAIRMAN GETZ: Good afternoon.

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[WITNESS: BOUCHER]

1 CMSR. MORRISON: Good afternoon.

2 CMSR. BELOW: Good afternoon.

3 CHAIRMAN GETZ: Anything we need to
4 address, before we hear from the Company's witness?

5 MS. PURCELL: No, I have the return of
6 service, which I haven't taken care of yet.

7 CHAIRMAN GETZ: Okay. You can just give
8 it to the Clerk would be fine.

9 MS. PURCELL: I'd like to introduce the
10 Company's witness, Ms. Jennifer Boucher please.

11 (Whereupon Jennifer M. Boucher was duly
12 sworn and cautioned by the Court
13 Reporter.)

14 JENNIFER M. BOUCHER, SWORN

15 DIRECT EXAMINATION

16 BY MS. PURCELL:

17 Q. Ms. Boucher, could you please state your full name,
18 your position, and your business address for the
19 record.

20 A. Certainly. My name is Jennifer Boucher. I am the
21 Manager of Regulatory Economics for the Berkshire Gas
22 Company. We provide affiliate services for New
23 Hampshire Gas Corporation. And, my business address is
24 115 Cheshire Road, Pittsfield, Massachusetts.

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[WITNESS: BOUCHER]

1 Q. Thank you. Ms. Boucher, are you the same Jennifer
2 Boucher who submitted the revised interim CGA rate on
3 behalf of New Hampshire Gas for the period August 1st
4 through October 31, 2008?

5 A. Yes.

6 Q. And, I'm going to show you a document dated "June 19th,
7 2008", and ask that you identify this document.

8 A. That is the interim summer filing that we made on
9 June 19th.

10 MS. PURCELL: Thank you. I think the
11 next exhibit number, we're going to pick up where we left
12 off, is going to be "New Hampshire Gas Exhibit Number 3".

13 CHAIRMAN GETZ: Be so marked.

14 (The document, as described, was
15 herewith marked as Exhibit 3 for
16 identification.)

17 BY MS. PURCELL:

18 Q. Ms. Boucher, since your revised filing or the interim
19 filing on June 19th, which is Company Exhibit 3, have
20 you made any revisions to the proposed CGA rate to
21 reflect updated information?

22 A. Yes, I have. The price of propane has increased since
23 the Company's filing on June 19th. So, we made a
24 subsequent filing yesterday with the increase to

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[WITNESS: BOUCHER]

1 commodity prices.

2 Q. And, actually, to be more specific, we didn't file --
3 you didn't file that with the Commission, you just made
4 -- you gave a copy to Staff, is that correct?

5 A. That's correct.

6 MS. PURCELL: And, I have copies for all
7 of the Commissioners that we would mark as "New Hampshire
8 Gas Exhibit Number 4".

9 CHAIRMAN GETZ: So marked.

10 (The document, as described, was
11 herewith marked as Exhibit 4 for
12 identification.)

13 BY MS. PURCELL:

14 Q. Ms. Boucher, were the documents that have been marked
15 for identification purposes prepared by you or under
16 your direct supervision?

17 A. Yes, they were.

18 Q. And, where in the filing that has now been marked as
19 "New Hampshire Gas Exhibit Number 4" can we find the
20 Company's revised CGA rate that would be in effect
21 August 1st?

22 A. On the first page of Exhibit 4 is the calculation of
23 the cost of gas rate. Towards the bottom of the page
24 the line is labeled "Revised Cost of Gas Rate Effective

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1 August 1st, 2008", and the rate is "2.8318 per therm".

2 Q. Okay. I'm sorry. When you said -- did you mean -- you
3 didn't mean the first page of the exhibit, you meant
4 the -- the first page of Exhibit 4 is the testimony.
5 You meant the attachments, is that --

6 A. I'm sorry. I'm not sure what page it is in Exhibit 4,
7 because I don't have it labeled, but it's the first
8 page with calculations on it that's labeled at the top
9 "Calculation of the Cost of Gas Rate". It's labeled
10 "36th Revised Page 25" in the upper right-hand corner.

11 Q. Okay. I think that's fine. Thanks. And, Ms. Boucher,
12 could you explain the derivation of the cost of gas
13 rate and explain the reasons for the increase that
14 prompted the Company to make this interim CGA filing.

15 A. Certainly. As of July 1st, the Company increased its
16 cost of gas rate to the maximum allowable rate of
17 2.3664. If I could ask you to turn to Attachment A of
18 the calculation of the cost of gas rate, the title of
19 the page is called "New Hampshire Gas Corporation
20 Actual-Over/Under Calculation May 2008 through
21 October 2008 with Maximum COG Rate as Approved in DG
22 08-045". At the bottom right-hand corner of this page,
23 numbered Line 10, "Final-Over/Under Collection", if the
24 Company's cost of gas rate remained at 2.3664, the

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1 Company estimates that the undercollection at October
2 31st would be \$61,547. In order to alleviate this
3 undercollection, the Company divided this
4 undercollection by the anticipated billing determinants
5 from August 1st through October 31st, which are 131,740
6 therms, to arrive at the number on the first page of
7 the Calculation of the Cost of gas Rates, entitled "Mid
8 Period Rate Adjustment 8-01-08", this amount is "46.54
9 cents" per therm. And, when added to the maximum cost
10 of gas rate of 2.3664, it arrives at the 2.8318 per
11 therm proposed rate for August 1st, 2008.

12 Q. Thank you. Ms. Boucher, have you done any analysis of
13 the impact of the proposed rate on a typical customer
14 bill for the period that's remaining from the last
15 three months of this Summer CGA?

16 A. Yes. In this exhibit, on Attachment D, in the lower
17 right-hand of the page, the line is entitled "Seasonal
18 Total Bill Difference", and it's expected that the
19 customer bill impact from this change will be \$29 for
20 the remainder of the period.

21 Q. Thank you. Ms. Boucher, do you have anything else to
22 add at this time?

23 A. No, I don't.

24 MS. PURCELL: Thank you. The Company

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1 has no further questions. Ms. Boucher is available.

2 CHAIRMAN GETZ: Mr. Damon.

3 MR. DAMON: Thank you.

4 CROSS-EXAMINATION

5 BY MR. DAMON:

6 Q. Turning to the page in the filing Exhibit 4, Tariff
7 Page 25, the Staff understands that the propane cost
8 reflected on this page of \$646,682 actually has been
9 adjusted since the original filing, is that correct?

10 A. That's correct. The "646,682" number was the figure
11 from the original April filing. The new number for the
12 total anticipated cost of propane is \$732,047. And,
13 that's shown on Attachment A, Line 7.

14 Q. Great. Thank you. And, in addition, the summer period
15 cost per therm of what I understand is \$2.1452, as
16 shown on Schedule A, Line 6, does not appear on the
17 tariff Page either, is that correct?

18 A. That's correct. The same line that showed the cost
19 should also be updated to show the new projected cost
20 per therm of \$2.1452.

21 Q. Okay. And, the volumes, are they any different? In
22 the original filing, I believe it was "355,105"?

23 A. Those have been revised downward to 341,241 therms.
24 And, the reason for that is that we have some actual

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1 experience. We have the actual propane sendout from
2 May through June, and then we have estimates for the
3 remainder of the period.

4 Q. And, based on this proceeding today, presuming the
5 Commission approves the rate revisions, would the
6 Company be willing to update the tariff page to show
7 the correct numbers when it submits its compliance
8 filing with the Commission?

9 A. Certainly. Certainly.

10 MR. DAMON: I have no further questions.

11 BY CMSR. BELOW:

12 Q. Just a slight clarification. On Attachments A and B,
13 the title starts "Actual-Over/Under Collection May 2008
14 through October 2008". As you just noted, several of
15 those months haven't occurred yet. So, wouldn't this
16 better be described as "Estimated" or "Projected
17 over/under collection"?

18 A. It would be. Typically, above the months we would have
19 the terms "actual", "forecasted" or "estimated", and
20 those are missing off of the sheet. So, you're
21 correct.

22 Q. Okay. Thank you. But they are your best estimate for
23 what the actual cost of gas is going to be in those
24 future months, is that correct?

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1 A. That's correct.

2 CMSR. BELOW: Okay.

3 CHAIRMAN GETZ: Ms. Purcell, is there
4 anything further?

5 MS. PURCELL: No, I think that's it.

6 BY CHAIRMAN GETZ:

7 Q. Well, I guess one question that does occur to me is
8 what types of contacts have there been with customers
9 about these potential increases?

10 A. Well, certainly, the Company is receiving numerous
11 inquiries into the winter heating season price.
12 Because propane is primarily used by residential
13 customers during the summer period for cooking or water
14 heating, customers' bills have not risen dramatically
15 with these increases. But, certainly, there have been
16 a lot of inquiries into the price this winter, and the
17 Company has been forecasting what its price will be and
18 telling customers of that. And, as we approach the
19 heating season and have a better gauge of what the
20 price will actually be, we will initiate communications
21 with the customers.

22 CHAIRMAN GETZ: All right. Is there
23 anything further for this witness?

24 MS. PURCELL: No, I don't think so.

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1 CHAIRMAN GETZ: Hearing nothing, then
2 you're excused. Thank you very much. Is there any
3 objection to striking the identification and entering the
4 exhibits into evidence?

5 (No verbal response)

6 CHAIRMAN GETZ: Hearing no objection,
7 they will be admitted into evidence. Opportunity for
8 closing, Mr. Damon.

9 MR. DAMON: Thank you. The Staff has
10 reviewed the revised Summer Period 2008 filing with the
11 updated costs. And, as Staff noted this morning, energy
12 costs are climbing faster than reasonable forecasts can
13 keep pace with. And, approving the increase now will help
14 avoid a potential undercollection, which, in many
15 respects, is undesirable. Also, given the extensive
16 publicity related to the extreme run-up in energy costs
17 this summer, the proposed increase in the summer cost of
18 gas rates at this time, while not welcomed, should be
19 understood by customers.

20 CHAIRMAN GETZ: Thank you. Ms. Purcell.

21 MS. PURCELL: Thank you. The Company
22 just wants to thank the Commission and the Commission
23 Staff for their assistance and cooperation in resolving
24 this interim rate filing. And, we just look forward to

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1 expeditious approval. Thank you.

2 CHAIRMAN GETZ: Okay. Thank you. Then,
3 we'll close the hearing and take the matter under
4 advisement.

5 (Whereupon the hearing ended at 1:51
6 p.m.)

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