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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

October 22, 2009 - 1:38 p.m.
Concord, New Hampshire

RE: DG 09-168
NEW HAMPSHIRE GAS CORPORATION:
Winter 2009-2010 Cost of Gas.

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Clifton C. Below
Commissioner Amy L. Ignatius

Sandy Deno, Clerk

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

Reptg. PUC Staff:
Matthew J. Fossum, Esq.

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

ORIGINAL

P R O C E E D I N G

CHAIRMAN GETZ: Okay. Good afternoon, everyone. We'll open the hearing in docket DG 09-168. On September 16, 2009, New Hampshire Gas Corporation filed revisions to its tariff providing for its cost of gas rates for the Winter Period November 1, 2009 through April 30, 2010. The proposed COG rate is \$1.3202 per therm, a 41.45 cents per therm decrease from last winter. The Company has also proposed a \$1.3402 per therm rate for its Fixed Price Option Program. Order of notice was issued on October 18 setting the hearing for this afternoon.

Can we take appearances please.

MS. PURCELL: Good afternoon, Commissioners. Meabh Purcell, from Dewey & LeBoeuf, representing the New Hampshire Gas Corporation.

CHAIRMAN GETZ: Good afternoon. Mr. Fossum.

MR. FOSSUM: And, good afternoon. Matthew Fossum, from the Staff of the Commission. And, with me this afternoon is Bob Wyatt and Stephen Frink from Commission Staff.

CHAIRMAN GETZ: Are you ready to proceed?

[WITNESS: Boucher]

1 MS. PURCELL: Yes, I am. I'd like to
2 ask Jennifer Boucher to take the stand. I have the return
3 of service.

4 CHAIRMAN GETZ: Okay. I'll just note
5 for the record that the affidavit of publication is being
6 presented to the clerk.

7 MS. PURCELL: Actually, we have the
8 newspaper clipping demonstrating that it was. The
9 affidavit, we still have to forward the affidavit to the
10 Commission. So, we will do that this afternoon. Thank
11 you.

12 CHAIRMAN GETZ: Okay. Thank you.

13 (Whereupon *Jennifer M. Boucher* was duly
14 sworn and cautioned by the Court
15 Reporter.)

16 JENNIFER M. BOUCHER, SWORN

17 DIRECT EXAMINATION

18 BY MS. PURCELL:

19 Q. Good afternoon, Ms. Boucher. Could you please state
20 your full name and your position and your business
21 address for the record.

22 A. Sure. My name is Jennifer M. Boucher. I'm the Manager
23 of Regulatory Economics for the Berkshire Gas Company.
24 My business address is 115 Cheshire Road, Pittsfield,

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[WITNESS: Boucher]

1 Massachusetts. And, I provide affiliate services for
2 New Hampshire Gas Corporation.

3 Q. And, Ms. Boucher, did you submit a proposed CGA rate on
4 behalf of the New Hampshire Gas Corporation for the
5 period November 1, '09 through April 30th, 2010?

6 A. Yes, I did. I submitted it on September 15th, 2009.

7 MS. PURCELL: Thank you. I'd like to
8 mark as "Exhibit 1" the September 15th, '09 filing.

9 CHAIRMAN GETZ: So marked.

10 (The document, as described, was
11 herewith marked as **Exhibit 1** for
12 identification.)

13 BY MS. PURCELL:

14 Q. And, Ms. Boucher, since your initial filing, have you
15 made revisions to the proposed CGA?

16 A. Yes, I have.

17 Q. And, did you file those revisions on October 21st?

18 A. Yes, I did.

19 MS. PURCELL: Thank you. I'd like to
20 mark the updated and revised CGA filing as "Exhibit 2".

21 CHAIRMAN GETZ: So marked.

22 (The document, as described, was
23 herewith marked as **Exhibit 2** for
24 identification.)

[WITNESS: Boucher]

1 MS. PURCELL: Thank you.

2 BY MS. PURCELL:

3 Q. And, Ms. Boucher, were the documents that have been
4 marked as "Exhibits 1" and "2" prepared by you or under
5 your direction and supervision?

6 A. Yes, they were.

7 Q. And, turning to Exhibit 2, can you direct the
8 Commission to where the Company's proposed CGA rate is?

9 A. Certainly. On the second page of Exhibit 2, it's the
10 tariff page, and in the top right corner it's entitled
11 "38th Revised Page 24".

12 Q. If I could just stop you there for a minute. You mean
13 the second page of the attachment to Exhibit 2, after
14 the testimony?

15 A. Yes. I'm sorry.

16 Q. Okay.

17 A. I didn't realize the testimony was first.

18 Q. Okay.

19 A. The Fixed Price Option cost of gas rate for the winter
20 period is displayed on Line 27 at "\$1.3402" per therm,
21 and the Non-Fixed Price Option cost of gas rate is
22 displayed on Line 43 at "\$1.3743" per therm.

23 Q. Thank you. And, can you explain how the proposed CGA
24 rate compares to last winter's FPO and Non-FPO rate?

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[WITNESS: Boucher]

1 A. One second. The Fixed Price Option cost of gas rate of
2 \$1.3402 is a decrease of just over 90 cents per therm
3 compared to last year's Fixed Price Option of \$2.2408
4 per therm. And, the Non-Fixed Price Option cost of gas
5 rate of \$1.3743 per therm is a decrease of just over 36
6 cents per therm over last winter's average of \$1.7347
7 per therm.

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

10 A. Yes, I have. If you could turn to the middle of the
11 filing, in Exhibit 2, Supplemental Schedule A, there is
12 a bill impact analysis for residential Fixed Price
13 Option customers.

14 Q. If you could just pause for a second, I just want to
15 make sure everyone is there.

16 CMSR. IGNATIUS: I appreciate that.

17 Where are we?

18 MS. PURCELL: Yes. Why don't you --
19 it's in the sort of -- around halfway through the actual
20 attachments, there's a succession, there's Attachment D
21 and then Attachment E, and then it goes to Supplemental
22 Schedule A, right after that. Is that correct,
23 Ms. Boucher? That's where we should be looking?

24 WITNESS BOUCHER: That's right.

[WITNESS: Boucher]

1 MS. PURCELL: Okay.

2 CMSR. IGNATIUS: Thank you.

3 **BY THE WITNESS:**

4 A. And, there's a succession of four different bill
5 impacts. And, the first one is for residential
6 customers participating in the Fixed Price Option
7 Program. In the middle of the page, at the bottom, the
8 seasonal total bill difference from last year is a
9 reduction of "\$671.52", which is a 22.6 percent
10 decrease over last year.

11 **BY MS. PURCELL:**

12 Q. Do you have anything else that you wish to point out in
13 this CGA filing?

14 A. No.

15 MS. PURCELL: No. Okay. Thank you. I
16 have nothing further for Ms. Boucher.

17 CHAIRMAN GETZ: Mr. Fossum.

18 MR. FOSSUM: Thank you.

19 **CROSS-EXAMINATION**

20 **BY MR. FOSSUM:**

21 Q. I'd just like to begin with one matter for a
22 clarification. In your revised filing, Exhibit 2,
23 beginning on -- or, not "beginning on", but on Page 4
24 of your testimony, at Line 14, it references a "prior

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[WITNESS: Boucher]

1 period over-collection". Should that be an
2 "under-collection"?

3 A. Yes. That's a typographical error. That should be
4 "under-collection".

5 Q. Thank you. All right. And, in your revised testimony,
6 you note that the Fixed Price Option enrollment period
7 has closed, is that correct?

8 A. That's correct.

9 Q. And, do you know how many residential customers versus
10 commercial customers enrolled in that program for this
11 year?

12 A. Yes. The Company's numbers indicate that approximately
13 140 residential customers and 45 commercial customers
14 have subscribed to the Fixed Price Option Program.

15 Q. And, how does that compare to previous enrollments in
16 the Program?

17 A. That's a slightly lower enrollment than last year. We
18 saw approximately 165 residential customers and
19 approximately 60 commercial customers participate last
20 winter.

21 Q. And, to what -- do you have an opinion as to why the
22 enrollment is down this year?

23 A. I don't have an opinion as to why the enrollment is
24 down. But, just general knowledge, it seems a

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[WITNESS: Boucher]

1 reasonable participation level.

2 Q. Thank you. Also, on Page 5 of your revised testimony,
3 you reference "ClearPort", "ClearPoint" -- or, yes, I'm
4 sorry, "ClearPort propane futures settlement prices".

5 A. (Witness nodding affirmatively).

6 Q. In your original filing, did the Company rely on
7 ClearPort futures prices?

8 A. In the original filing, the New York Mercantile
9 Exchange, or NYMEX, was still offering a propane
10 futures contract. But, on September 18th, 2009, the
11 NYMEX discontinued its propane futures listing. And,
12 so, the Company then moved to a different trading
13 platform, which is called "ClearPort", which has a
14 propane futures contract, that we relied on those
15 futures prices.

16 Q. Now, the ClearPort, is that also sourced at Mont
17 Belvieu, as was the NYMEX?

18 A. Yes, it is. The source is still Mont Belvieu, Texas.

19 Q. Now, just on behalf of Staff, I was wondering if, for
20 future cost of gas filings, would the Company be
21 willing to attach the settlement prices at the
22 ClearPort facility for support for its calculations in
23 the cost of gas?

24 A. Certainly. We can add that as an additional

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[WITNESS: Boucher]

1 supplemental schedule.

2 Q. Thank you. Going back very quickly, you said that
3 "NYMEX stopped producing the futures settlement
4 prices." Do you happen to know why those prices are no
5 longer available on NYMEX?

6 A. I don't know why.

7 Q. Now, also on Page 5 of your revised testimony, you
8 refer to the "weighted average [cost]" of your
9 pre-purchased propane volumes for the Propane
10 Purchasing Stabilization Plan. How does the weighted
11 average of that, of those volumes, compare to last
12 year's cost?

13 A. The weighted average cost this year of 1.074 is
14 approximately 86 cents per unit less than last year's
15 price of 1.934. It's about a 45 percent decrease.

16 Q. And, about what percentage of the Company's anticipated
17 supplies have you pre-purchased at this point?

18 A. About 65 percent have been pre-purchased.

19 Q. Continuing on in your testimony, on Page 7 of your
20 revised testimony, you describe the trucking and
21 storage arrangements for the Company. Have there been
22 any changes in trucking or storage on-site or off-site
23 since last year?

24 A. There are no changes compared to last year.

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[WITNESS: Boucher]

1 Q. And, has the Company experienced any supply reliability
2 issues due to supply allocations at Selkirk or
3 elsewhere?

4 A. No. The Company had no disruptions this past winter,
5 even though there were some propane shortages in the
6 Northeast.

7 Q. And, the Company's primary source of storage is still
8 on-site in Keene, is that correct?

9 A. That's correct.

10 Q. Now, has the Company experienced any other general
11 changes to its management or operations in the last
12 year?

13 A. No.

14 Q. Okay. And, lastly, turning back to Page 4 of your
15 revised testimony, you note that "the Company is
16 continuing to implement measures to improve system
17 losses", and report a system loss percentage at
18 "3.48 percent". First, what measures is the Company
19 implementing to improve its system losses?

20 A. Well, the Company continues to prioritize and repair
21 leaks and we continue to lower the distribution system
22 operating pressure in the summertime to help alleviate
23 unaccounted for. We also have plans to install a
24 turbine meter at the plant to help reduce unaccounted

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[WITNESS: Boucher]

1 for losses.

2 Q. Now, are those -- I understand there was an issue with
3 that turbine meter. Has that been resolved or is that
4 still, I guess, in the planning stage?

5 A. The Company's working to resolve the issue. From my
6 understanding, there's an engineering issue associated
7 with the installation of the meter. But the Company is
8 moving ahead to try to resolve that issue and have the
9 installation done very shortly.

10 Q. Okay. Also, I note that you have the unaccounted for
11 percentages for the last few years there listed as
12 well, and the percentages appear to be leveling off in
13 the last few years. Does the Company expect any
14 further improvements to its unaccounted for percentage?

15 A. Generally speaking, in the gas industry, unaccounted
16 for losses tend to be in the 3 percent area. So, I
17 guess the Company doesn't expect more significant
18 improvements to unaccounted for, but we're certainly
19 happy that it's down from 8 and 7 percent as it was
20 five or six years ago.

21 MR. FOSSUM: All right. Thank you. I
22 have nothing fourth at this time.

23 CHAIRMAN GETZ: Commissioner Below.

24 CMSR. BELOW: Yes. Thank you.

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[WITNESS: Boucher]

1 BY CMSR. BELOW:

2 Q. About how many residential/commercial customers do you
3 have altogether?

4 A. Just over a thousand total.

5 Q. Total. And, do you know what the split is, roughly?

6 A. I think the split is roughly 700 residential and 300
7 commercial.

8 CMSR. BELOW: Okay. Thank you. That's
9 all.

10 CHAIRMAN GETZ: Commissioner Ignatius.

11 CMSR. IGNATIUS: Thank you.

12 BY CMSR. IGNATIUS:

13 Q. Ms. Boucher, in the September 15th filing, you had a
14 Non-Fixed Price rate and then a 2 cent premium for the
15 Fixed Price rate, correct?

16 A. That's correct.

17 Q. And, in the October filing, that's changed, and the
18 relationship, in fact, has flipped between the two
19 rates. Can you explain a little more why the fixed
20 rate is now less than the non-fixed rate?

21 A. Sure. In the initial September 15th filing, the rate
22 is derived by taking the total anticipated period
23 costs, divided by the total anticipated billing sales,
24 to derive the Non-Fixed Price Option cost of gas rate,

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1 and then the 2 cent premium is added to that. That
2 rate is then fixed. A letter is mailed to customers
3 with that rate asking them to subscribe. And, in the
4 updated filing, which is Exhibit 2, the NYMEX -- I'm
5 sorry, not the "NYMEX", the ClearPort futures prices
6 for propane are updated and a revision is necessary in
7 order to collect the right amount of revenues for the
8 anticipated costs based on the new futures prices.

9 Q. Then, why is the Fixed Price not 1.37, plus the 2 cent
10 premium?

11 A. Because, at the time that the September 15th filing is
12 done, the rate is set, and that rate is offered to
13 customers at that rate. It doesn't change. In the
14 interim, if there are any commodity fluctuations up or
15 down, those are imputed in the revisions, and the
16 changes to those costs are borne by the Non-Fixed Price
17 Option customers. It fluctuates from year to year;
18 it's been up, it's been down.

19 CMSR. IGNATIUS: All right. Thank you.

20 CHAIRMAN GETZ: Redirect?

21 MS. PURCELL: No. Nothing.

22 CHAIRMAN GETZ: Then, the witness is
23 excused. Thank you. Anything further from Staff?

24 (Atty. Fossum conferring with

1 Mr. Wyatt.)

2 MR. FOSSUM: Just one thing very
3 quickly. Just to point out that, in answer to
4 Commissioner Ignatius's question, in the Company's filing,
5 the revised filing, Supplemental Schedule E, there is a
6 breakdown of the FPO versus Non-FPO comparison over the
7 last few years. I don't know if that provides any further
8 clarity, but I just wanted to bring it to your attention.

9 CMSR. IGNATIUS: Thank you.

10 CHAIRMAN GETZ: Okay. Then, is there
11 any objection to striking identifications and admitting
12 the exhibits into evidence?

13 (No verbal response)

14 CHAIRMAN GETZ: Hearing no objection,
15 they're admitted into evidence. Opportunity for closing?
16 Mr. Fossum.

17 MR. FOSSUM: Thank you. Staff supports
18 the Company's proposed revised 2009 and '10 cost of gas
19 rates as they are filed. The Audit Staff has reviewed
20 last year's peak period cost of gas reconciliation and
21 found no exceptions. And, the sales forecast for the
22 coming peak period appears consistent with the Company's
23 past experience. Their supply plan is consistent with
24 those for prior years as well. And, the propane costs are

1 based on actual or hedged prices and projected pricing
2 reflecting the general marketplace. There's to be a
3 reconciliation of the forecast and the actual costs in
4 next winter's cost of gas proceeding, and any concerns
5 arising between now and then may be addressed at that
6 time.

7 In sum, the Company appreciates -- or,
8 I'm sorry, Staff appreciates the Company's work in
9 preparing its filing and its revised filing, and
10 recommends approval of the cost of gas rates.

11 CHAIRMAN GETZ: Ms. Purcell.

12 MS. PURCELL: Thank you, Mr. Chairman.
13 The Company thanks the Commission Staff for its efforts in
14 this proceeding and thanks the Commission for its time
15 today. And, the Company respectfully requests approval of
16 the proposed winter FPO/Non-FPO CGA rates prior to
17 November 1st, '09. Thank you.

18 CHAIRMAN GETZ: All right. Thank you.
19 Then, we'll close the hearing and take the matter under
20 advisement.

21 (Whereupon the hearing ended at 1:59
22 p.m.)
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