

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

NORTHERN UTILITIES, INC., Petitioner
Petition to Amend October 1999
Special Contract with National Gypsum Co.

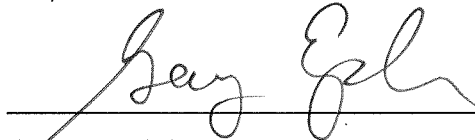
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) DG 09-201
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AFFIDAVIT

Gary M. Epler, having been duly sworn, states under oath as follows:

I certify that publication of the Order of Notice in Docket DG 09-201,
issued on November 25th, 2009, has been made as therein directed, and that it
was published in the New Hampshire Union Leader on December 3rd, 2009.

DATED this 7th day of December, 2009.



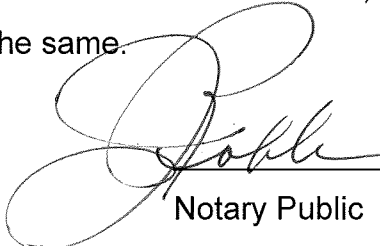
Gary M. Epler

STATE OF NEW HAMPSHIRE)

) :ss.

COUNTY OF ROCKINGHAM)

On this 7th day of December, 2009, personally appeared before me Gary
M. Epler, the signer of the above instrument, who duly acknowledged to me
that he executed the same.



Notary Public

Residing in Rockingham County

My Commission Expires:

JOANNE L. ROBBINS, Notary Public
My Commission Expires December 3, 2013

STATE OF NEW HAMPSHIRE PUBLIC UTILITIES COMMISSIO

STATE OF NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION DG 09-201 NORTHERN UTILITIES, INC.
Petition for Approval of Second Amendment to Special Contract with National Gypsum Company Order Nisi Granting Petition ORDER NO. 25,047 November 25, 2009 I. PROCEDURAL AND FACTUAL BACKGROUND On October 19, 2009, the petitioner, Northern Utilities, Inc. (Northern or Company), filed a petition seeking approval to amend its October 1999 special contract for firm gas transportation with National Gypsum Company (National). The original special contract between Northern and National was for a ten-year term ending November 30, 2009. That special contract was approved by the Commission in Northern Utilities, Inc., Order No. 23,314 (October 5, 1999), subject to certain conditions. By the current petition, the parties seek to amend the special contract to extend it for two years upon the expiration of the initial ten-year term. With its petition, Northern submitted the pre-filed testimony of Michael Smith, Senior Business Development Executive with Northern. Additionally, Northern has moved for confidential treatment relative to information included in its filing, and in response to Staff's data requests, which concerns pricing and cost information, customer-specific marginal cost information and financial analyses relating to National's gas usage and fuel supply alternatives. National is a manufacturer of gypsum wallboard with a manufacturing plant located in Portsmouth. National was an interruptible transportation customer of Northern beginning in 1990. In the late 1990s, National desired to move to firm year-round transportation service. At the time, National had the option to bypass Northern's distribution system and connect directly to a nearby interstate gas pipeline for firm service. Northern, however, wished to retain National as a customer. The original special contract was designed to retain National as a customer at competitive rates while also maintaining National's contribution to Northern's fixed costs. In its petition on the original contract, Northern asserted that National had a viable option to bypass Northern's system, but that with some system upgrades and a discounted price, National would remain Northern's customer. Also, the original special contract called for an initial term of ten years followed by successive, automatic one-year renewals unless the contract was terminated by Northern or National. After noting that National, in fact, had a viable option to bypass Northern's system, and that the special contract rate exceeded Northern's long-run marginal costs, the Commission approved the original special contract. See *id.* at 5-6. In approving the contract, the Commission rejected the automatic renewal provision and ordered that any extension of the contract after the initial term would require Commission approval. *Id.* at 6. Following the issuance of the order, the parties submitted an amendment to the agreement complying with the requirement that the automatic renewal period be eliminated. II. PETITION TO AMEND Northern now petitions to be permitted to extend the special contract for two years following the end of the initial term on November 30, 2009. It does not propose to amend any other portions of the agreement. According to the petition, National continues to have a viable option to bypass Northern's system, but both National and Northern continue to desire that National remain as Northern's customer. According to a letter from National to Northern, National desires to remain on Northern's system while it explores alternatives for its future energy needs. See Schedule NU-1-1 at 1-2. Northern contends that the revenues it will receive under the special contract will exceed the long-run marginal costs of continuing to serve National. Additionally, Northern states that retaining National's load will help contain the system costs related to transporting gas, which are borne by all firm customers. In other words, retaining National at the special contract rate will lower the average costs for all of Northern's firm customers compared with losing National as a customer. In addition to the per therm rate and customer charge called for in the special contract, National will be subject to all charges and fees set out in Northern's General Terms and Conditions and Transportation Terms and Conditions. Northern contends that National continues to have an economically viable option in connecting to the interstate pipeline and bypassing Northern's system. In fact, Northern contends that economic pressures make the bypass option potentially more attractive than in 1999. Specifically, Northern's petition notes that National's competitor in the seacoast region has already directly connected to the interstate pipeline. Therefore, National's competitor is not subject to the costs associated with Northern's distribution system and is at a competitive advantage. Additionally, according to Northern's petition, National has been curtailing or eliminating operations at its other manufacturing facilities, in part because the energy costs at those facilities have been too high, and a similar fate might befall National's Portsmouth facility, if it cannot obtain a suitable arrangement for its fuel needs. Northern's petition also notes that National would be able to minimize the costs of connecting to the interstate pipeline by using high-density plastic piping rather than the steel that was used in the bypass estimate in 1999. For these reasons, Northern contends that National might leave Northern's system, and the special contract extension is needed to retain National. Northern contends, therefore, that special circumstances exist, which justify the extension of the special contract, and that the extension is just and consistent with the public interest. Finally, Northern moves for protective treatment relative to various portions of its filing and data responses. Specifically, Northern seeks to protect information about the prices contained in the special contract, and National's natural gas usage. In addition, Northern seeks to protect information concerning National's service alternatives and the costs and value thereof. Finally, Northern seeks protection for its marginal cost of service study analysis relating to National. Northern contends that the information it seeks to protect is competitively sensitive commercial information which is exempt from disclosure under RSA 91-A:5, IV. See also N.H. Code Admin. Rules Puc 203.08. Northern contends that disclosure of this information will result in harm to it in that it will be disadvantaged in its bargaining position with other customers

seeking special contracts when those customers have alternative service options. Thus, Northern argues, disclosure would impair its future bargaining position and ability to obtain the highest possible contributions to its fixed costs. Moreover, Northern argues, disclosure would allow its competitors to

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