

In The Matter Of:
DG 12-068
NORTHERN UTILITIES, INC.

*HEARING RE: 2012 SUMMER PERIOD COST OF GAS
ADJUSTMENT*
April 19, 2012

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**HEARING RE: 2012 SUMMER PERIOD COST OF GAS ADJUSTMENT - April 19, 2012
DG 12-068 NORTHERN UTILITIES, INC.**

<p align="center">STATE OF NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION</p> <p>April 19, 2012 - 9:35 a.m. Concord, New Hampshire</p> <p>RE: DG 12-068 NORTHERN UTILITIES, INC. 2012 SUMMER PERIOD COST OF GAS ADJUSTMENT</p> <p>PRESENT: F. Anne Ross, Hearings Examiner Clare E. Howard-Pike - Clerk</p> <p>APPEARANCES:</p> <p style="padding-left: 40px;">Representing Northern Utilities, Inc. Susan M. Geiger, Esq.</p> <p style="padding-left: 40px;">Representing PUC Staff: Alexander Speidel, Esq. Robert Wyatt, Gas & Water Division</p> <p>COURT REPORTER: Susan J. Robidas, LCR No. 44</p> <p align="center">{DG 12-068} [04-19-12]</p>	<p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23</p>	<p align="right">Page 3</p> <p>EXHIBITS PAGE</p> <p>1 Northern Affidavit of Publication 7</p> <p>2 Public version of 2012 Summer Period Cost of Gas Adjustment filed 3/15/12 8</p> <p>3 Confidential version of 2012 Summer Period Cost of Gas Adjustment filed 3/15/12 8</p> <p>4 Revised filing of 2012 Summer Period Cost of Gas Adjustment, filed 4/13/12 10</p> <p>5 Northern's response to Data Request Staff 1-2, 1-4, 1-12 12</p> <p>6 Northern's response to Data Request Staff 1-3 12</p> <p>7 Northern's response to Data Request Staff 1-4 attachments 12</p>
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<p align="right">Page 2</p> <p>1 I N D E X</p> <p>2</p> <p>3 WITNESS PANEL: JOSEPH CONNEELY FRANCIS X. WELLS CHRISTOPHER KAHL</p> <p>4</p> <p>5</p> <p>6 EXAMINATION PAGE</p> <p>7 Direct Examination by Ms. Geiger 14</p> <p>8 Cross-Examination by Mr. Speidel 23</p> <p>9 Interrogatories by Hearing Examiner Ross 45</p> <p>10 Redirect Examination by Ms. Geiger 51</p> <p>11</p> <p>12</p> <p>13 CLOSING STATEMENTS</p> <p>14</p> <p>15 PAGE</p> <p>16 By Mr. Speidel 56</p> <p>17 By Ms. Geiger 57</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p>	<p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23</p>	<p align="right">Page 4</p> <p>1 P R O C E E D I N G S</p> <p>2 HEARINGS EXAMINER ROSS: Good</p> <p>3 morning. My name is Anne Ross. I'm going to</p> <p>4 be the hearings examiner. Just a couple of</p> <p>5 preliminary matters. And by the way, please</p> <p>6 refer to me as "Attorney Ross."</p> <p>7 We are going to be testing a</p> <p>8 new audio system this morning to see if it</p> <p>9 will work as a backup or substitute for our</p> <p>10 court reporting service. So, please speak</p> <p>11 into the mics and make sure that, you know,</p> <p>12 the mics are on. You should hear -- I can</p> <p>13 hear right now that my voice is coming over</p> <p>14 the system. Hopefully we'll be able to kind</p> <p>15 of hear the feedback as well.</p> <p>16 This is Northern's summer cost</p> <p>17 of gas proceeding. I will be acting as</p> <p>18 hearings examiner and filing a</p> <p>19 recommendation today based upon the filings</p> <p>20 and the testimony presented to the</p> <p>21 Commission, and the Commission will act on</p> <p>22 that recommendation prior to your requested</p> <p>23 effective date of May 1st.</p>
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1 Do we have any procedural
2 matters before we begin this hearing?
3 MS. GEIGER: Attorney Ross, the
4 only thing I would mention is that the
5 Company has filed its affidavit of
6 publication, as required by the order of
7 notice. That was filed on April 5th.
8 HEARINGS EXAMINER ROSS: Thank
9 you.
10 MS. GEIGER: And in addition to
11 that, there was a motion for protective order
12 and confidential treatment that was filed
13 seeking protective treatment for some of the
14 pages that were submitted with the original
15 filing in Schedule 5-A. So I just wanted to
16 make sure that you were aware of that.
17 HEARINGS EXAMINER ROSS: Thank
18 you. I was aware of the motion. And since
19 we're on that subject, I will be making a
20 recommendation on the motion. Could you just
21 tell me quickly what types of information
22 you're seeking to treat as confidential?
23 MS. GEIGER: Yes. Basically,

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1 the information consists of peaking demand
2 cost estimates, asset management agreement
3 revenues, peaking supply demand cost,
4 transportation and delivery terms and
5 conditions, and liquified natural gas
6 trucking and transportation costs. And these
7 documents contain competitively sensitive
8 commercial information and trade secrets that
9 Northern seeks to keep confidential and that
10 have previously been afforded confidential
11 treatment by the Commission in other cost of
12 gas proceedings.
13 HEARINGS EXAMINER ROSS: Thank
14 you. And I assume there are no objections to
15 the motion for confidential treatment?
16 MR. SPEIDEL: No objections,
17 Attorney Ross.
18 HEARINGS EXAMINER ROSS: Thank
19 you.
20 Okay. Why don't we begin by
21 marking for identification the affidavit of
22 publication as Exhibit 1.
23 And then, again, there are no

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1 intervenors? My filing record here
2 indicates no intervention. Is that correct?
3 MS. GEIGER: That's correct.
4 HEARINGS EXAMINER ROSS: So we
5 only have Staff and the Company appearing
6 today.
7 (Exhibit 1 marked for identification.)
8 MS. GEIGER: Correct.
9 HEARINGS EXAMINER ROSS: All
10 right. So I would also suggest that we mark
11 the filing that was made on March 15th by the
12 Company, which includes a number of items --
13 the motion, tariff pages, a summary, three
14 different prefiled testimonies and
15 schedules -- as Exhibit 1. Do you want to
16 designate the first as the public, and then
17 we'll enter the confidential exhibit as
18 Exhibit 2? Would that be helpful?
19 THE CLERK: Excuse me,
20 Attorney Ross. Just a correction. You had
21 mentioned using the affidavit as Exhibit 1.
22 HEARINGS EXAMINER ROSS: Yes.
23 I'm sorry. I misspoke. I meant Exhibit 2.

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1 Thank you.
2 THE CLERK: Two. Okay.
3 HEARINGS EXAMINER ROSS: Are
4 there two versions, a public and --
5 MS. GEIGER: My understanding
6 is that the confidential information that I
7 just referred to had been submitted with the
8 motion for protective order, and I don't
9 believe we're going to be discussing it in
10 the public session.
11 MR. SPEIDEL: Yes, it's all
12 right to mark it as an exhibit under the new
13 procedure, wherein there's no need to
14 resubmit material. So, just for clarity
15 purposes, we can mark the public version as
16 Exhibit 2, perhaps, and the confidential
17 version as Exhibit 3.
18 HEARINGS EXAMINER ROSS: Okay.
19 Thank you.
20 (Exhibits 2, 3 marked for
21 identification.)
22 Are there any other exhibits
23 that parties are going to want marked for

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1 identification?
2 MS. GEIGER: Yes, Attorney
3 Ross. The Company made a supplemental filing
4 on April 13th, 2012, and we would like to
5 have that also marked for identification as
6 Exhibit 4.
7 HEARINGS EXAMINER ROSS: And
8 what was the date of that filing?
9 MS. GEIGER: April 13th, 2012.
10 HEARINGS EXAMINER ROSS: I have
11 one indicated as filed on the 16th. Would
12 that be the same?
13 MS. GEIGER: It could have
14 been. It could have been the 16th. It's
15 under a cover letter dated April 13th. I
16 just assumed it had been filed that day.
17 HEARINGS EXAMINER ROSS: Okay.
18 Is there confidential material in that filing
19 as well?
20 MS. GEIGER: I don't believe
21 so.
22 HEARINGS EXAMINER ROSS: Okay.
23 So that can be marked for identification as

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1 Exhibit 4.
2 (Exhibit 4 marked for identification.)
3 All right. Let's begin by
4 taking -- I'm sorry.
5 MR. SPEIDEL: If I may,
6 Attorney Ross, Staff would also like to mark
7 some data requests as additional exhibits.
8 HEARINGS EXAMINER ROSS: Oh,
9 okay. Hold on a minute. Let me make sure
10 I've got a list of what we've done so far.
11 You'll have to forgive me, because my report
12 is due so quickly, I'm not going to have a
13 transcript to refer to, so I have to have
14 notes here. Although, maybe I'll have a
15 recording.
16 THE CLERK: Maybe.
17 HEARINGS EXAMINER ROSS: Yes.
18 Okay. Go ahead, please.
19 MR. SPEIDEL: Okay. There are
20 a series of data responses from the Company
21 to Staff, with a cover letter dated April 13,
22 2012. And I believe that would be marked as
23 Exhibit 5, if possible. And I would bring

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1 that to the clerk and to the hearings
2 examiner as well.
3 There's also a series of data
4 responses dated April 16th. That would be
5 marked as Exhibit 6. And then there is one
6 additional data response with a cover letter
7 dated April 17th, and that would be Exhibit
8 7. So I will mark those as such for the
9 convenience --
10 HEARINGS EXAMINER ROSS: And
11 that was April 17th?
12 MR. SPEIDEL: Yes, that is
13 correct.
14 HEARINGS EXAMINER ROSS: And
15 you shared -- I mean, the Company knows which
16 data requests -- which responses these are?
17 MR. SPEIDEL: I believe they
18 would know. They should have them on file,
19 at least.
20 MS. GEIGER: Attorney Ross, I
21 just need to confer with Attorney Speidel on
22 the April 17th. I think it was filed
23 directly by the Company. I did not file it.

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1 So I want to make sure I have what he's
2 talking about.
3 MR. SPEIDEL: Okie dokie. I
4 can give you a copy. So the 17th is this
5 guy. Have you seen this?
6 MS. GEIGER: I probably did. I
7 just don't have the cover letter.
8 MR. SPEIDEL: Here, you can
9 just have this.
10 MS. GEIGER: Okay. Thank you
11 very much. I was just lacking the cover
12 letter.
13 (Exhibits 5, 6, 7 marked for
14 identification.)
15 HEARINGS EXAMINER ROSS: All
16 right. Any other exhibits that we need to
17 identify before we begin?
18 MR. SPEIDEL: That will be all,
19 thank you.
20 HEARINGS EXAMINER ROSS: All
21 right. With that, I'm going to suggest that
22 we do appearances, and, if you wish to make
23 any short opening statement, that you make it

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1 when you appear. And we'll have the Company
2 go first, and then at the end of the hearing
3 we'll have the Company go last with the
4 closing statement.
5 MS. GEIGER: Thank you. I'm
6 Susan Geiger, from the law firm of Orr &
7 Reno. I represent Northern Utilities, Inc.
8 And with me this morning are the witnesses
9 who've prefiled testimony in this case,
10 starting, I guess, at Attorney Ross's
11 immediate right: Joe Conneely, Francis Wells
12 and Christopher Kahl. And also with me at
13 counsel table this morning is George Simmons,
14 all from the Company.
15 MR. SPEIDEL: And this is
16 Alexander Speidel, representing Commission
17 Staff, and I have with me Robert Wyatt of the
18 Gas & Water Division.
19 HEARINGS EXAMINER ROSS: All
20 right. I see that we have witnesses already
21 seated. Maybe the court reporter could swear
22 them in and we'll begin.
23

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1 (WHEREUPON, JOSEPH F. CONNEELY,
2 FRANCIS X. WELLS AND CHRISTOPHER KAHL
3 were duly sworn and cautioned by the
4 Court Reporter.)
5 JOSEPH F. CONNEELY, SWORN
6 FRANCIS X. WELLS, SWORN
7 CHRISTOPHER KAHL, SWORN
8 DIRECT EXAMINATION
9 BY MS. GEIGER:
10 Q. We'll start with Mr. Kahl. Could you please
11 state your name for the record.
12 A. (By Mr. Kahl) Christopher Kahl.
13 Q. And where are you employed, and what
14 position do you hold?
15 A. I'm a senior regulatory analyst with Unitil
16 Corp.
17 Q. And have you ever testified before the New
18 Hampshire Public Utilities Commission?
19 A. (By Mr. Kahl) Yes. I testified in last
20 winter's cost of gas adjustment.
21 Q. And Mr. Kahl, I'd like to show you the
22 document that Attorney Ross has marked for
23 identification as Exhibit 2. Could you

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[WITNESS PANEL: CONNEELY|WELLS|KAHL]

1 please identify this document?
2 A. (By Mr. Kahl) Yes. That is this summer's
3 cost of gas adjustment filing.
4 Q. And did you assist in preparing that filing?
5 A. (By Mr. Kahl) Yes, I did.
6 Q. And I'd like to show you another document
7 that Attorney Ross has marked for
8 identification as Exhibit No. 4. Do you
9 recognize that document?
10 A. (By Mr. Kahl) Yes, I do. That is the
11 revised summer cost of gas filing which
12 updates the original filing.
13 Q. Okay.
14 A. (By Mr. Kahl) Let me also add that this
15 updated filing reflects NYMEX gas future
16 prices as of April 9th, 2012, as well as
17 other updates, revisions and corrections to
18 the initial filing that were discussed at
19 the technical conference held April 9th in.
20 This docket.
21 HEARINGS EXAMINER ROSS: Mr.
22 Kahl, you could use that microphone. I hate
23 to see you leaning so.

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[WITNESS PANEL: CONNEELY|WELLS|KAHL]

1 MR. KAHL: Thank you.
2 BY MS. GEIGER:
3 Q. Now, Mr. Kahl, did you prefile testimony in
4 this docket?
5 A. (By Mr. Kahl) In this docket? Yes, I did.
6 Q. And is it your prefiled testimony contained
7 in what's been marked for identification as
8 Exhibit 2 under the tab entitled "Kahl
9 Testimony"?
10 A. (By Mr. Kahl) Yes, it is.
11 Q. And to the best of your knowledge and
12 belief, was your prefiled testimony true and
13 accurate at the time it was filed?
14 A. (By Mr. Kahl) Yes.
15 Q. Do you have any corrections or updates to
16 your prefiled testimony?
17 A. (By Mr. Kahl) Yes. To the extent that my
18 prefiled testimony is inconsistent with the
19 information contained in the revised cost of
20 gas filing that has been marked as
21 Exhibit 4, the revisions in Exhibit 4 take
22 precedence and supersede any conflicting
23 information in my prefiled testimony.

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1 Q. Okay. And subject to the changes that have
2 been -- or would have been necessitated to
3 your prefiled testimony as the result of the
4 revised COG filing that's been marked as
5 Exhibit 4, do you adopt your prefiled
6 testimony under oath today?
7 A. (By Mr. Kahl) Yes, I do.
8 Q. Do you wish to add anything further to your
9 prefiled testimony?
10 A. (By Mr. Kahl) No.
11 Q. Thank you.
12 Mr. Wells, could you please state your
13 name for the record.
14 A. (By Mr. Wells) My name is Francis Wells.
15 Q. Where are you employed, and what position do
16 you hold?
17 A. (By Mr. Wells) I am employed by Unitil
18 Service Corp. I am the manager of gas
19 supply.
20 Q. Did you prepare prefiled testimony for this
21 docket?
22 A. (By Mr. Wells) Yes, I did.
23 Q. And is that prefiled testimony contained

[WITNESS PANEL: CONNEELY|WELLS|KAHL] Page 18

1 under the tab entitled "Wells Testimony" in
2 what's been marked as Exhibit 2?
3 A. (By Mr. Wells) Yes.
4 Q. And to the best of your knowledge and
5 belief, was that prefiled testimony true and
6 accurate at the time it was filed?
7 A. (By Mr. Wells) Yes.
8 Q. Do you have any corrections or updates to
9 your prefiled testimony?
10 A. (By Mr. Wells) I did provide some updated
11 schedules that were provided in the updated
12 filing which was marked as Exhibit 4.
13 Q. Okay. And as a result of the updated
14 filing, subject to any changes that might be
15 necessitated to your prefiled testimony as
16 the result of that updated filing, do you
17 adopt your prefiled testimony under oath
18 today?
19 A. (By Mr. Wells) Yes.
20 Q. Okay. Do you have anything further to add
21 to your prefiled testimony?
22 A. (By Mr. Wells) No.
23 Q. Thank you.

[WITNESS PANEL: CONNEELY|WELLS|KAHL] Page 19

1 Mr. Conneely, could you please state
2 your name for the record.
3 A. (By Mr. Conneely) My name is Joseph
4 Conneely.
5 Q. Where are you employed, and what position do
6 you hold?
7 A. (By Mr. Conneely) I'm employed by Unitil
8 Service Corp. as a senior regulatory
9 analyst.
10 Q. And did you prepare prefiled testimony for
11 this docket?
12 A. (By Mr. Conneely) Yes.
13 Q. And is that prefiled testimony under the tab
14 entitled "Conneely Testimony" in what's been
15 marked as Exhibit 2?
16 A. (By Mr. Conneely) Yes.
17 Q. And to the best of your knowledge and
18 belief, was your prefiled testimony true and
19 accurate at the time it was filed?
20 A. (By Mr. Conneely) Yes.
21 Q. Okay. And do you have any corrections or
22 updates to your prefiled testimony?
23 A. (By Mr. Conneely) Yes, I do. To the extent

[WITNESS PANEL: CONNEELY|WELLS|KAHL] Page 20

1 that my prefiled testimony is inconsistent
2 with the information contained in the cost
3 of gas filing that has been marked as
4 Exhibit 4, revisions in Exhibit 4 take
5 precedence and supercede any conflicting
6 information in my prefiled testimony.
7 Q. Okay. So, subject to any changes to your
8 prefiled testimony that would be
9 necessitated by the updated cost of gas
10 filing, do you adopt that testimony today?
11 A. (By Mr. Conneely) Yes, I do.
12 Q. One additional thing, Mr. Conneely. For
13 Attorney Ross's benefit, could you please
14 provide a brief explanation of the effects
15 of Northern's proposed cost of gas filing on
16 the monthly bill of a typical residential
17 heating customer consuming 50 therms per
18 month?
19 A. (By Mr. Conneely) Yes. Revised Schedule 8
20 provides information that's on Bates Stamp
21 156 of 238. And this page shows the effect
22 of the revised cost of gas on residential
23 customers.

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1 HEARINGS EXAMINER ROSS: Hold
2 on a minute. Can you give me one of the
3 Exhibits 2 and 3 from the file, just so I
4 have them for reference?
5 MR. SPEIDEL: Here, we have
6 this.
7 MS. GEIGER: And this
8 actually -- I think the page that Mr.
9 Conneely is referring to, it's in Exhibit 4,
10 actually.
11 HEARINGS EXAMINER ROSS: In
12 Exhibit 4?
13 MS. GEIGER: Yeah.
14 MR. SPEIDEL: So here we have
15 the updates. Is there...
16 (Off-the-record discussion.)
17 HEARINGS EXAMINER ROSS: All
18 right. We're going to turn off the audio
19 because of the static. We'll have to fiddle
20 around with that some other time.
21 All right. And we were on
22 Exhibit 4.
23 MR. CONNEELY: Yeah. Attorney

[WITNESS PANEL: CONNEELY|WELLS|KAHL] Page 22

1 Ross, it's on Page 156 of 238 of the Bates
2 Stamp, and this Schedule 8.
3 HEARINGS EXAMINER ROSS: And
4 could I ask you a question, only because I
5 need to understand as we go. When you say a
6 typical customer with 50 therms per month, is
7 that the Company's assessment of what a
8 summer heating or non-heating customer would
9 use? I mean, what customer are we talking
10 about here?
11 MR. CONNEELY: This is the
12 residential heating customer for the summer
13 period.
14 HEARINGS EXAMINER ROSS: Okay.
15 Thanks.
16 A. (By Mr. Conneely) And on that Page 156, the
17 residential customer using 50 therms monthly
18 would expect to see a decrease of \$9.12 in
19 their overall monthly bill. This is a
20 decrease of 14.2 percent from last summer's
21 season's gas bill for the same consumption
22 levels.
23 HEARINGS EXAMINER ROSS: Thank

[WITNESS PANEL: CONNEELY|WELLS|KAHL] Page 23

1 you.
2 BY MS. GEIGER:
3 Q. And Mr. Conneely, do you have anything
4 further to add to your testimony?
5 A. (By Mr. Conneely) No.
6 MS. GEIGER: Thank you. The
7 witnesses are available for
8 cross-examination.
9 MR. SPEIDEL: Okay. Very good.
10 I will provide Attorney Ross with the
11 remainder of Exhibit 4's schedule summary so
12 that she has it handy in case she wants to
13 review it.
14 HEARINGS EXAMINER ROSS: Thank
15 you.
16 CROSS-EXAMINATION
17 BY MR. SPEIDEL:
18 Q. Let's start from the top. If we can begin
19 with Mr. Conneely, would you be able to give
20 a quick capsule summary, not in terms of
21 bill impacts, but in terms of dollar values,
22 of how the proposed 2012 off-peak period
23 cost of gas rate, as revised, compares to

[WITNESS PANEL: CONNEELY|WELLS|KAHL] Page 24

1 last year's seasonal average rate?
2 A. (By Mr. Conneely) This would be on
3 Exhibit 4, and that's Bates Stamp 152 of
4 238.
5 Q. Okay.
6 A. (By Mr. Conneely) Revised Schedule A is the
7 tab. And this list of -- the first page
8 would be the typical residential heating
9 bill using 318 therms for --
10 HEARINGS EXAMINER ROSS: Could
11 you repeat the page again?
12 MR. CONNEELY: Yeah. It's Page
13 152 of 238 and that's in the revised
14 Schedule 8.
15 HEARINGS EXAMINER ROSS: Thank
16 you. Okay. Please continue.
17 A. (By Mr. Conneely) And this schedule
18 contains -- the first page is the
19 residential heating bill, and behind that
20 are a few different classes of customers:
21 G40, G41 and G51. Do you want me to just
22 speak to the residential heating bill?
23 Q. Sure. That would be fine.

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1 A. (By Mr. Conneely) So, on the right-hand side
2 of the layout is May through October, which
3 comprises the summer period. So, for the
4 typical residential heating customer,
5 \$339.01 is the forecasted amount for this
6 upcoming 2012 summer. Down below has a
7 total for the summer 2011 of \$396.53. So,
8 the change, season over season, would be
9 \$57.52, or a net change of 14.51 percent.

10 HEARINGS EXAMINER ROSS: You
11 just indicated that the -- I apologize for
12 interrupting the cross. But I thought I had
13 a note earlier that the bill impacts were
14 15.2 percent reduction, and now you're
15 telling me it's a 14.5 percent reduction.
16 Did I get that wrong?

17 A. (By Mr. Conneely) There's two different
18 kinds of benchmarks that we're using. On
19 this particular one that we're speaking of,
20 the \$57.52 change, that's using 318 therms
21 for the whole season. And if you look
22 under -- this schedule's a little difficult
23 to read for the first time. But it has the

[WITNESS PANEL: CONNEELY|WELLS|KAHL] Page 26

1 months above, and it has different usage for
2 each month; whereas, on Page 156 --

3 HEARINGS EXAMINER ROSS: I
4 think I understand. Would you say the 14.5
5 number might be a little more accurate, since
6 it's based on a monthly variation as opposed
7 to average monthly therm used?

8 MR. CONNEELY: Yeah, it's
9 seasonal. It's kind of trying to capture a
10 benchmark of each month.

11 HEARINGS EXAMINER ROSS: Okay.
12 Thank you.

13 BY MR. SPEIDEL:

14 Q. Now, Mr. Conneely, can you compare the rate
15 itself that's proposed for this summer as
16 compared to the seasonal average rate of
17 last summer?

18 A. (By Mr. Conneely) Yeah. It's again on
19 Page 152 of 238. We have on the left-hand
20 column the summer 2012 proposed cost of gas,
21 and that's .4264. And then last year, down
22 below, under the summer 2011, there's a
23 boxed number that says "Summer Period 2011

[WITNESS PANEL: CONNEELY|WELLS|KAHL] Page 27

1 Average Cost of Gas," and that's .6218.
2 Q. Per therm; right?
3 A. (By Mr. Conneely) Per therm, yeah. So the
4 change -- excuse me. I'll do this
5 calculation. It's a decrease of .1954 per
6 therm.

7 THE COURT REPORTER: Point?
8 MR. CONNEELY: .1954.
9 MR. SPEIDEL: Dollars.

10 BY MR. SPEIDEL:

11 Q. All rightie. Moving on, Mr. Conneely. Are
12 any of the gas supplies in this off-peak
13 cost of gas forecast hedged, pre-purchased
14 or otherwise tied to a predetermined fixed
15 price?

16 A. (By Mr. Wells) I'll take that one, Attorney
17 Speidel.

18 The Company, consistent with its
19 approved hedging plan, has May and October
20 futures contracts purchased for the summer
21 period. The detail of this is found on
22 Schedule 7, which was revised in Exhibit 4.
23 And it's revised on Page 150 of 238.

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1 Q. So we can incorporate that by reference. I
2 think we're all set on that question. Thank
3 you, Mr. Wells.

4 To the Panel: Do you know if the Audit
5 Staff has completed its review of cost of
6 gas reconciliation from last summer?

7 A. (By Mr. Conneely) I can speak to that,
8 Attorney Speidel.

9 As of yet, we have not heard back from
10 the Audit Staff. Historically, they are
11 still looking into it at this point. And if
12 they have any problems, it's usually looked
13 at and reconciled in the next cost of gas.

14 Q. Okay. Are you aware of any issues, at least
15 on an interim basis, resulting from the
16 Audit Staff's review of the reconciliation
17 from 2011?

18 A. (By Mr. Conneely) No, sir, I am not.

19 Q. Thank you very much.

20 These questions are for Mr. Kahl. On
21 Page 7, beginning at Line 6 of your
22 testimony --
23 MR. SPEIDEL: And Attorney

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1 Ross, that can be found within the Exhibit 2
2 copy that I've shared with you.
3 BY MR. SPEIDEL:
4 Q. You state the demand costs for the summer
5 period have undergone significant changes,
6 making it necessary for the Company to
7 change the annual demand cost allocations in
8 this filing. Are these demand cost
9 allocations normally determined with each
10 peak period cost of gas forecast?
11 A. (By Mr. Kahl) Yes. Excuse me. Yes, they
12 are typically done with the peak period
13 winter filing.
14 Q. What are some of the demand costs that have
15 undergone significant changes since the peak
16 period forecast?
17 A. (By Mr. Kahl) I will turn this one over to
18 Mr. Wells.
19 A. (By Mr. Wells) So the demand cost update is
20 based upon a change in TransCanada demand
21 tolls from what was available during the
22 winter season to what was approved by the
23 NEB prior to the preparation of the budget

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1 for the summer season.
2 HEARINGS EXAMINER ROSS: What
3 is the NEB?
4 MR. WELLS: Excuse me. It is
5 the National Energy Board in Canada --
6 HEARINGS EXAMINER ROSS: Oh,
7 thank you.
8 MR. WELLS: -- that regulates
9 TransCanada tolls.
10 HEARINGS EXAMINER ROSS: Okay.
11 Thank you.
12 A. (By Mr. Wells) So the reduction of demand
13 costs that was anticipated due to the
14 National Energy Board order results in a
15 projected total Company demand cost
16 reduction of about \$1.8 million per year.
17 The Company believes that it is appropriate
18 to reflect that change on a current basis in
19 the summer filing. So the filing that has
20 been prepared shows a different demand cost
21 than what had been approved in the winter
22 COG filing on that basis. However, the
23 Company does not propose to change the PR

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1 allocator of actual demand costs incurred
2 for the summer -- during the summer period
3 from the PR allocator that was approved by
4 both the New Hampshire and Maine Commissions
5 out of the winter COG period.
6 The result of changing the annual
7 demand cost in this filing is intended only
8 to reflect a lower amount of cost that is
9 required to be recovered from New Hampshire
10 summer COG customers for this period, but
11 will not affect the allocator of actual
12 costs as they are incurred during the summer
13 period between the Maine and New Hampshire
14 divisions.
15 Q. And that would be a good segue into my next
16 question. Did the changes result in any
17 changes in the cost allocation factors used
18 to allocate these costs between Northern's
19 Maine and New Hampshire divisions? And you
20 can give a yes or no answer to that. The
21 answer would probably be?
22 A. (By Mr. Kahl) I'll take that question.
23 There are several components to the PR

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1 allocators. And all we've noticed is one
2 small change to one component of one
3 one-hundredth of a percent. Overall there
4 is no change to the PR allocators.
5 HEARINGS EXAMINER ROSS: Could
6 you tell me what "PR" stands for?
7 MR. KAHL: Proportional
8 responsibility.
9 HEARINGS EXAMINER ROSS: Thank
10 you.
11 MR. KAHL: This is the
12 allocation between New Hampshire and Maine.
13 HEARINGS EXAMINER ROSS: Thank
14 you.
15 BY MR. SPEIDEL:
16 Q. On Page 15, Line 6 of your testimony, Mr.
17 Kahl, you state, "The Company is projecting
18 no refunds related to gas supply-related
19 costs in this filing." Has the Company
20 decided how it would treat the Tennessee Gas
21 Pipeline refunds related to its FERC rate
22 case?
23 A. (By Mr. Kahl) The Company intends to flow

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1 those through in a -- consistent with the
2 Company's tariff. The Company can attempt
3 to flow those in in the summer CGA.
4 When my initial testimony was
5 submitted, the Company had not received that
6 refund. However, the Company does have to
7 do or undertake a number of steps to make
8 sure that refund is flowed through
9 accurately. The Company will make its best
10 effort to get that into the May 1 rates. If
11 it feels that it needs additional time, it
12 will flow that into the first adjustment a
13 month later, which would occur towards the
14 end of May and be effective June 1st.
15 Q. Thank you for that explanation.
16 HEARINGS EXAMINER ROSS: I
17 assume that means that the change will be
18 less than, is it a 20-percent threshold that
19 we have that you can make changes without
20 review?
21 MR. KAHL: Yes, 25 percent.
22 HEARINGS EXAMINER ROSS: Thank
23 you.

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1 BY MR. SPEIDEL:
2 Q. Mr. Kahl, will the Company be providing
3 Staff with detailed summaries and
4 explanations of how the refund allocators
5 are applied?
6 A. (By Mr. Kahl) Yes, it will.
7 Q. Thank you.
8 A. (By Mr. Kahl) Attorney Speidel, let me just
9 add, it's highly likely we will have that in
10 place for the May 1st summer season.
11 And one other just slight correction.
12 We have a 25-percent threshold upwards. So
13 this is going to be a refund pushing rates
14 downward --
15 HEARINGS EXAMINER ROSS: Thank
16 you for the clarification.
17 A. There is no threshold downward.
18 HEARINGS EXAMINER ROSS: You're
19 right.
20 (Court Reporter interjects, as parties
21 are speaking at the same time.
22 Previous response read back.)
23 A. (By Mr. Kahl) Earlier, the issue of a

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1 threshold came up. And there is a
2 25-percent threshold in which, if rates --
3 rates can go up by as much as 25 percent
4 without any approvals -- specific approval.
5 Rates can decrease 100 percent without any
6 approval. There is no threshold downward
7 for price adjustments.
8 MS. GEIGER: And I'm sorry to
9 disrupt the flow of the cross-examination,
10 but the Company had submitted to Staff some
11 schedules yesterday via e-mail that would
12 outline and describe how this adjustment
13 would be made, or the refund. I don't know
14 if that's something that would be helpful for
15 the record at this point, but the Company
16 would like to make that available.
17 MR. SPEIDEL: As a matter of
18 fact, I had conferred with Mr. Wyatt about
19 that. It had come in pretty close to our
20 hearing. And we think it best for us to
21 review it for accuracy, and then the Company
22 can provide such explanations within the
23 context of one of its monthly over/under cost

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1 of gas filings -- for example, for May or
2 June or something along those lines -- so
3 that we can get everything right.
4 MS. GEIGER: Okay.
5 MR. SPEIDEL: So, thank you.
6 Thank you for offering that, though.
7 MS. GEIGER: Okay.
8 MR. SPEIDEL: And that's why
9 it's nice to have a court reporter in person
10 at these hearings, because you can get
11 everything in accurately.
12 BY MR. SPEIDEL:
13 Q. All rightie. We have some general questions
14 about company-managed supply allocation for
15 the entire panel. Anyone who'd like to
16 answer can answer. And these are just
17 general background questions.
18 Perhaps someone could explain as to
19 when company-managed supply resources -- how
20 that has developed over time, when they
21 first came into use, some of the corporate
22 history of that.
23 A. (By Mr. Kahl) I'll start out. And it might

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1 help just to clarify what company-managed
2 gas, or company -- we're talking about
3 company-managed or company use? I'm sorry?
4 Q. Company-managed. That's right. Yeah.
5 A. (By Mr. Kahl) All right. Company-managed
6 gas. This is tied to capacity assignment
7 for third-party providers. So if we just
8 pick a third-party-provider, such as Sprague
9 or Amerada Hess, they will serve customers
10 who won't require our supply. And these
11 customers are customers that have migrated.
12 They used to be our customers and they've
13 left our system and they're allowing this
14 third party to provide their supply. When
15 they migrate from a sales customer to a pure
16 transportation customer, they are getting
17 the capacity that we had subscribed for
18 them.
19 So now, their third-party-provider is
20 assigned capacity. And the way that the
21 system operates is contracts, such as
22 pipeline contracts, are released to that
23 third-party-provider. For instance:

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1 Tennessee Gas Pipeline, who is one of our
2 major pipelines, we will release some of
3 that, and the contract basically goes to
4 that third-party-provider. However, some
5 contracts cannot be released. And in that
6 case, it is a company-managed contract,
7 which means that a third-party-provider will
8 nominate the gas, and we will make sure that
9 that gas shows up at their receipt point --
10 I'm sorry -- at the delivery point. And we
11 will invoice the customer in that case --
12 or, actually, the third-party provider. So
13 that's what company-managed gas is.
14 So it is gas that we are still buying.
15 It's flowing on our system. And because we
16 couldn't release it, now Northern Utilities
17 will bill the third-party provider for the
18 fixed and variable costs related to that
19 capacity.
20 (Off-the-record discussion between
21 Staff counsel and Mr. Wyatt)
22 BY MR. SPEIDEL:
23 Q. Mr. Kahl, thank you for your patience.

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1 So when you refer to capacity being
2 released to certain customers, you're making
3 a shorthand reference to the mandatory
4 capacity assignment provisions of Northern's
5 tariff?
6 A. (By Mr. Kahl) Yes, I am.
7 Q. Very good. And when you refer to customers
8 migrating out of Northern's system, you are
9 referring to them migrating out of
10 Northern's supplier/customer stable, but
11 they remain as transportation customers;
12 correct? They're not shutting down their
13 operations, for instance.
14 A. (By Mr. Kahl) That's correct. They're
15 simply not relying on Northern Utilities for
16 the gas itself. They're relying on a
17 third-party-provider for that gas and the
18 transportation to get it to their delivery
19 point.
20 Q. And obviously, Northern still provides
21 delivery service to those customers. Would
22 that be right?
23 A. (By Mr. Kahl) That is correct.

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1 Q. Okay. Very good.
2 MR. SPEIDEL: So I think we can
3 skip through this question, Mr. Wyatt. This
4 is redundant at this point.
5 BY MR. SPEIDEL:
6 Q. All right. Now, in general terms, Mr. Kahl,
7 could you tell us the dollar amount of these
8 company-managed supply resources assigned to
9 transportation customers in both the Maine
10 division and the New Hampshire division for
11 the 12-month period from May 2010 to
12 April 2011? Now, that's a very detailed
13 question. But we were wondering if you
14 happen to have that handy in one of your
15 schedules.
16 A. (By Mr. Wells) When you ask that question as
17 a clarifying question, are you referring to
18 the commodity cost or to total cost?
19 Q. Well, commodity or total, perhaps we could
20 have both. I think that would be best to
21 have both.
22 A. (By Mr. Wells) I would have to take that as
23 a record request. I don't have -- I mean,

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1 if we're looking for actual data for the
2 last 12 months, I would have to take that as
3 record request.
4 Q. Okay. Let's just wait a second.
5 A. (By Mr. Wells) Unless you're looking for a
6 ballpark figure.
7 (Off-the-record discussion between
8 Staff counsel and Mr. Wyatt)
9 BY MR. SPEIDEL:
10 Q. A ballpark figure would be fine for the time
11 being.
12 A. (By Mr. Kahl) Can we just clarify what time
13 period we're looking at?
14 Q. May 2010 through April 2011. So, that gas
15 year, if you will.
16 A. (By Mr. Wells) It was -- you know what? I
17 would -- even a -- I would say it was
18 several million dollars. And I would be
19 reluctant to give a tighter range than that.
20 It was significant.
21 Q. Okay. That's satisfactory. Thank you,
22 Mr. Wells.
23 In what year was mandatory capacity

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1 assignment for transportation customers
2 required in New Hampshire as part of the
3 tariff?
4 A. (By Mr. Kahl) I believe that was 2001.
5 Q. Okay. And in what year was mandatory
6 capacity assignment for transportation
7 customers required in Maine?
8 A. (By Mr. Kahl) I believe that was either -- I
9 think it was 2006.
10 Q. All right. So, prior to Maine implementing
11 capacity assignment in 2006, or thereabouts,
12 company-managed supply resources, along with
13 the associated costs, were only required to
14 serve capacity-assigned transportation
15 customers in New Hampshire; and in 2006 or
16 thereabouts, these supply volumes and costs
17 became necessary in both Maine and New
18 Hampshire. Is that right?
19 A. (By Mr. Kahl) That's correct.
20 Q. Okay. So in what year did Unitil acquire
21 the Northern gas utility?
22 A. (By Mr. Wells) It was 2008.
23 A. (By Mr. Conneely) December.

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1 A. (By Mr. Wells) December 1st of 2008 I
2 believe was the exact date of transaction.
3 Q. So, since acquiring Northern, how long have
4 company-managed supply resource volume and
5 costs been assigned strictly to New
6 Hampshire, and how long have they been
7 assigned to both Maine and New Hampshire?
8 A. (By Mr. Kahl) Since -- I'm sorry. Since
9 Northern was acquired this is?
10 Q. Yes, by Unitil, by the current parent
11 company.
12 A. (By Mr. Kahl) So it's been since...
13 A. (By Mr. Wells) I would -- as a point of
14 clarification, I would say that I would -- I
15 would say that since we acquired the Company
16 in December 2008, we have been using only
17 New Hampshire company-managed volumes in the
18 calculation of the allocator of commodity
19 costs from December 2008 through
20 October 2011.
21 Now, that may not be the exact same
22 thing as how you phrased your question,
23 Attorney Speidel, and so that's why I am

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1 answering in a different format, is that we
2 calculated a percentage of variable -- you
3 know, a percentage cost variable allocator
4 each month between Maine and New Hampshire,
5 and then all bills that come in are
6 allocated on that basis. So, as an invoice
7 comes in, we determine if the cost was a
8 demand cost or a commodity cost and then
9 apply the appropriate allocator. And so
10 that's why I phrased -- that's why the
11 response is that we considered New
12 Hampshire -- you know, we've considered New
13 Hampshire company-managed sales in that
14 allocator consistently since the beginning
15 and have realized recently that it is
16 inappropriate to consider only New Hampshire
17 company-managed in the calculation of the
18 allocator, and have determined that
19 company-managed sales in both the Maine and
20 New Hampshire divisions are necessary in
21 order to determine an appropriate allocator
22 of variable commodity costs between the
23 divisions on a prospective basis.

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1 So, as of November 2011, we changed our
2 allocation -- the process by which we
3 calculate the allocator each month to
4 include company-managed sales in both the
5 Maine and New Hampshire division.
6 So the result is we come out with a
7 percentage that takes into account sales
8 service for both Maine and New Hampshire,
9 company-managed service for both Maine and
10 New Hampshire, and then take those into
11 account to come up with a total percentage
12 of all variable costs.
13 Q. Okay. And as part of that, the Company has
14 adjusted these calculations and has applied
15 those adjustments to the current off-peak
16 period cost of gas filing; is that correct?
17 A. (By Mr. Kahl) That is correct.
18 Q. Thank you very much.
19 MR. SPEIDEL: I think we're all
20 set for cross-examination.
21 INTERROGATORIES BY HEARINGS EXAMINER ROSS:
22 Q. Just to follow up on the questions on
23 allocation, before you were actually looking

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1 at both sales and company-managed service
2 for the two jurisdictions, Maine and New
3 Hampshire, to arrive at an allocator, you
4 were, what, applying an allocator that had
5 been established prior to -- how did you
6 derive an allocator before that? I'm not
7 following it.
8 A. (By Mr. Kahl) An indicator was, you know,
9 taken from our information on how much
10 throughput was going through the system. So
11 we're looking at our sales volumes, and we
12 had been looking at --
13 Q. For both jurisdictions?
14 A. (By Mr. Kahl) Both jurisdictions, and look
15 at company-managed volumes. But consistent
16 with the instructions from NiSource, the
17 company-managed from Maine was not included
18 in that. So it was giving us basically a
19 number that is not really an appropriate
20 number to use.
21 Q. And of your -- I'm trying to get a sense of
22 proportion.
23 Of your total -- let's take New

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1 Hampshire for a minute. Seems to me I
2 remember in the filing that, of your total
3 gas volumes, about a third of them are sales
4 volumes and two thirds of them are
5 transportation customer volumes; is that
6 correct?
7 A. (By Mr. Kahl) Well, the issue of what's
8 sales versus what's transportation isn't
9 exactly what you want to compare. You want
10 to compare what the transportation volumes
11 are that are company-managed.
12 Q. Okay. And what subset of transportation
13 volumes are company-managed, roughly?
14 A. (By Mr. Kahl) In our response to Data
15 Request 1-3, I believe we do provide some
16 information on this. You know, I'm looking
17 right now at -- this is attachment Staff
18 1-3A, 2 of 13.
19 MR. SPEIDEL: And that would be
20 within Exhibit 6, Attorney Ross, the big one,
21 I believe.
22 BY HEARINGS EXAMINER ROSS:
23 Q. And what page again? On 119 did you say?

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1 I'm not finding the page number. But I'll
2 take your word for it, if you'll just give
3 me a percentage or something that I can use
4 as a...
5 MR. SPEIDEL: What is the page
6 number, Mr. Kahl?
7 MR. KAHL: It's Page 2 of 13.
8 MR. SPEIDEL: Two of 13. On
9 Attachment Staff 1-3A. Here we go. Thank
10 you very much.
11 A. (By Mr. Kahl) Yeah, so as we look at these
12 numbers, we see total sales volumes for New
13 Hampshire, 229,000; Maine, 206,000. We also
14 factor in company use, which is a fairly
15 small amount; loss and unaccounted for
16 amounts; and then we factor in
17 company-managed. So this amount for New
18 Hampshire has about 8,000. For Maine, it's
19 about 40,000. And again, the total sales
20 number is about 229,000 for New Hampshire;
21 206,000 for Maine.
22 Q. And the total number would include -- in
23 other words, the company-managed would be a

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1 subset of the total number?
2 A. (By Mr. Kahl) Yes. Now --
3 Q. Thank you. That at least gives me a sense
4 of proportion. I was just trying to...
5 A. (By Mr. Kahl) Right. I'd also like to
6 follow up on that. If we jump ahead and
7 look at Page 7 of 13 -- and one other point
8 that's important to mention here is that the
9 assignment programs in New Hampshire and
10 Maine are different. They operate on a
11 different set of rules. And so if we look
12 here on Page 7, we're going to see that the
13 company-managed for New Hampshire is just
14 under 3,000, but there's nothing for Maine.
15 So Maine does not have any company-managed
16 volumes from April through October.
17 If you turn to the next page, Page 8,
18 we are in the month of May of 2011. Again,
19 you're seeing there's no company-managed
20 supplies in this case for either state. But
21 Maine will not have any and cannot have any
22 by the structure of its program, April
23 through October.

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1 Q. I don't see a line on Page 7 that shows a
2 zero for Maine. What am I missing here?
3 A. (By Mr. Kahl) This is Page 7 of 13?
4 Q. Yes.
5 A. (By Mr. Kahl) Company-managed for New
6 Hampshire, do you see 2,786?
7 Q. No. I see total --
8 A. (By Mr. Kahl) Just above the shaded bar.
9 It's two rows up from that.
10 Q. Oh, okay. I do see a blank. All right.
11 You're right. Got it. Thank you.
12 HEARINGS EXAMINER ROSS: All
13 right. Does Staff have any further
14 questions?
15 MR. SPEIDEL: No further
16 questions. We have a closing statement.
17 HEARINGS EXAMINER ROSS: Does
18 the Company wish to redirect?
19 MS. GEIGER: Very briefly for
20 clarification, and it's really just for
21 Attorney Ross's benefit.
22 REDIRECT EXAMINATION
23 BY MS. GEIGER:

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1 Q. And I don't know if -- Mr. Wells brought
2 this issue up, and I think Mr. Kahl
3 continued speaking about it.
4 There was some testimony on cross
5 regarding the fact that, pursuant to
6 instructions from NiSource, the Company had
7 not included the Maine company-managed
8 volumes in the PR allocator. Could you
9 please explain for Attorney Ross's benefit
10 exactly what those directions were and the
11 Company's reaction to them?
12 A. (By Mr. Kahl) Yeah. When we -- when
13 Northern undertook getting all the data from
14 NiSource for this transition --
15 HEARINGS EXAMINER ROSS: And
16 when you say "Company," you're now referring
17 to Unitil.
18 MR. KAHL: Yes. Yes, thank you
19 for the clarification.
20 A. (By Mr. Kahl) But part of that included a
21 set of instructions from NiSource. Those
22 have also been included in the response to
23 Data Request 1-3, and it is attachment Staff

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1 1-3B that does list this and..
2 HEARINGS EXAMINER ROSS: That's
3 Staff Data Request 1-3, Attachment B, did you
4 say?
5 MR. KAHL: Attachment 1-3B.
6 HEARINGS EXAMINER ROSS: Okay.
7 A. (By Mr. Kahl) And this is, I believe, shown
8 on the top of Page 10 of that attachment,
9 where we will see instructions saying
10 "Include company-managed volumes for New
11 Hampshire only." And this is on that first
12 little list of items. It's about the third
13 one down. Yeah, you'll see that. So these
14 were the instructions that we had. And we
15 had looked into that. We talked with our
16 accounting staff. Best of my knowledge,
17 accounting staff had actually talked with
18 NiSource, and this was the way that they
19 instructed us to handle this. We looked
20 into this further last year over a fairly
21 lengthy period and basically came to the
22 conclusion that either NiSource gave us a
23 faulty set of instructions or that their

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1 allocation method simply was not appropriate
2 for assigning cost between the two states.
3 MR. SPEIDEL: And if I may just
4 ask one small question. And whenabouts was
5 that, roughly, in time?
6 MR. KAHL: This was all in
7 2011.
8 MR. SPEIDEL: 2011? In the
9 springtime, roughly?
10 MR. KAHL: This was a
11 multi-month period that it was looked at.
12 A. (By Mr. Kahl) I believe we also attached two
13 data requests: 1-3 response, Attachment
14 Staff 1-3C -- which provided some testimony
15 from a hearing that NiSource had. And I
16 believe this was in 2008. But again -- and
17 I bring up this attachment because this is
18 part of the additional work that we had
19 looked into to --
20 MR. SPEIDEL: Okay.
21 MR. KAHL: -- try to rectify
22 this.
23 HEARINGS EXAMINER ROSS: Does

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1 the Company have any further re-cross or --
2 redirect? I'm sorry.
3 MS. GEIGER: One moment,
4 please.
5 (Pause in proceedings)
6 MS. GEIGER: Just one further
7 question for clarification.
8 BY MS. GEIGER:
9 Q. In terms of the allocator adjustment that's
10 being made in this cost of gas, is it the
11 Company's position that it's -- that the
12 allocator adjustment that's being made now
13 is being implemented to be -- to update,
14 basically, or to correct for erroneous
15 instructions that the Company received from
16 NiSource?
17 A. (By Mr. Kahl) Yes. Yes, it is.
18 HEARINGS EXAMINER ROSS: I
19 think I get the picture.
20 MS. GEIGER: Okay.
21 HEARINGS EXAMINER ROSS: All
22 right. I think we're -- any other procedural
23 issues?

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1 (No verbal response)
2 HEARINGS EXAMINER ROSS: Are
3 there any objections to admitting these
4 exhibits as full exhibits?
5 (No verbal response)
6 HEARINGS EXAMINER ROSS: All
7 right. They'll be admitted then as exhibits.
8 We have six of them, I believe?
9 THE CLERK: Seven.
10 HEARINGS EXAMINER ROSS: Seven?
11 Thank you.
12 And I would invite Staff to
13 present their closing statement first and
14 then the Company. And if you have anything
15 in writing that you can share with me, it
16 would assist me in preparing a report
17 quickly.
18 MR. SPEIDEL: This time around,
19 Attorney Ross, I'd like to give it orally
20 from the basis of memory --
21 HEARINGS EXAMINER ROSS: That's
22 fine.
23 MR. SPEIDEL: -- from short

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1 notes, because this is a little bit of an
2 unusual cost of gas proceeding. However,
3 Staff does believe that the Commission's
4 approval of the Company's cost of gas rates
5 as part of this off-peak proceeding is
6 appropriate at the present time, subject to
7 reconciliation.
8 The supply planning and demand
9 forecasting presented by the Company as part
10 of this filing are acceptable and within the
11 normal range of precedent. We do note that
12 the rate as presented and revised before the
13 Commission reflects the Company's revisions
14 to the company-managed supply allocations.
15 However, we do believe that it is time for
16 the Commission to grant the opening of a
17 separate investigative docket to examine
18 this issue. It's a very technical issue.
19 Quite an amount of money might be involved,
20 and Staff believes that further
21 investigation is appropriate at the present
22 time.
23 The revisions we believe are

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1 sufficient for the purpose of this cost of
2 gas rate that is being considered as part of
3 this docket. But the matter at hand should
4 be considered as part of a separate
5 investigative docket going forward, and we
6 do reserve the right to request further
7 reconciliation and revisions as necessary.
8 We thank the Company for its
9 cooperation in providing data responses on a
10 fast track before this proceeding, and we
11 also recommend that the Company continue to
12 work to enhance their legibility and
13 user-friendliness of its filings. Thank
14 you.
15 MS. GEIGER: Yes, thank you.
16 Northern would respectfully ask that the
17 Commission put into place the rates that the
18 Company has requested for the summer period
19 COG, in terms of the updated filing the
20 Company made on April 13th -- dated
21 April 13th. I believe Staff has no objection
22 to those rates.
23 In addition, as testimony has

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1 indicated, the Company will be including, in
2 addition to the filing its made, refunds
3 from the Tennessee Gas Pipeline case.
4 And lastly, with respect to
5 the request by Staff for a separate docket
6 to consider the allocator adjustment issue,
7 the Company certainly would be very happy to
8 cooperate with Staff in providing whatever
9 information Staff wants. But we don't,
10 quite frankly, see the need for a separate
11 docket to consider the issue. You know, for
12 example: In Unutil's -- on the electric
13 side of the company Unutil's default service
14 filings, issues come up in between default
15 service filings that we work with the
16 Electric Staff on, and we deal with
17 resolution of them in the subsequent filing.
18 And we certainly understand in this case
19 that Staff hasn't had a lot of time to
20 review and analyze the allocator adjustment
21 issue. So, this is sort of a long way of
22 saying is we don't believe that a separate
23 docket should be opened to consider this,

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1 but the Company would be willing to work
2 with Staff over this summer to answer
3 whatever questions Staff has, to meet in a
4 technical session.
5 Also, because this issue
6 affects the Maine division, we believe that
7 we would need to coordinate with Maine Staff
8 on this as well. So there may be a need for
9 a joint meeting with Maine Staff on the
10 issue.
11 So, certainly, the Company
12 would be happy to respond to any data
13 request, formal or informal, as if we were
14 in a separate or formal docket. But we feel
15 that we can talk to Staff and work through
16 these issues outside the need of an official
17 docket, and then hopefully resolve the
18 issue, or tee it up, if you will, during the
19 peak period, or winter 2012-2013 COG filing.
20 Thank you.
21 HEARINGS EXAMINER ROSS: All
22 right. Thank you for your time. Are there
23 any other items we need to cover before we

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1 close the hearing?
2 (No verbal response)
3 HEARINGS EXAMINER ROSS: I will
4 take all of these matters under advisement
5 and will issue a recommendation, written
6 shortly, that you'll all get. Thank you.
7 MS. GEIGER: Thank you.
8 MR. SPEIDEL: Thank you.
9 (Whereupon the hearing concluded at 9:38 a.m.)
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1 C E R T I F I C A T E

2 I, Susan J. Robidas, a Licensed
3 Shorthand Court Reporter and Notary Public
4 of the State of New Hampshire, do hereby
5 certify that the foregoing is a true and
6 accurate transcript of my stenographic
7 notes of these proceedings taken at the
8 place and on the date hereinbefore set
9 forth, to the best of my skill and ability
10 under the conditions present at the time.

11 I further certify that I am neither
12 attorney or counsel for, nor related to or
13 employed by any of the parties to the
14 action; and further, that I am not a
15 relative or employee of any attorney or
16 counsel employed in this case, nor am I
17 financially interested in this action.

18

19

20 _____
Susan J. Robidas, LCR/RPR
21 Licensed Shorthand Court Reporter
Registered Professional Reporter
N.H. LCR No. 44 (RSA 310-A:173)

22

23

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DG 12-068 NORTHERN UTILITIES, INC.**

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