

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

April 19, 2012 - 2:00 p.m.
Concord, New Hampshire

 ORIGINAL

RE: DG 12-071
NEW HAMPSHIRE GAS CORPORATION
2012 SUMMER PERIOD COST OF GAS ADJUSTMENT

PRESENT: F. Anne Ross, Hearings Examiner
Clare E. Howard-Pike - Clerk

APPEARANCES:

Representing New Hampshire Gas Corp.
Meabh T. Purcell, Esquire

Representing PUC Staff:
Alexander Speidel, Esq.
Robert Wyatt, Gas & Water Division

COURT REPORTER: Susan J. Robidas, LCR No. 44

{DG 12-071} [04-19-12]

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NHGC EXHIBITS

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

2 HEARINGS EXAMINER ROSS: Good
3 afternoon. My name is Anne Ross. I'm going
4 to be serving as hearings examiner today for
5 the Cost of Gas hearing for New Hampshire Gas
6 Company -- Corporation. Excuse me.

7 We have a court reporter, so
8 this will be recorded -- or reported --
9 excuse me. And I will make a written
10 recommendation to the Commission following
11 the hearing, and the Commission will act on
12 it before your May 1st effective date.

13 So, before we get started, are
14 there any procedural issues that we need to
15 deal with?

16 MS. PURCELL: No. I gave the
17 return of service to the clerk.

18 THE CLERK: You have a copy
19 there.

20 HEARINGS EXAMINER ROSS: Yes, I
21 do.

22 You may address me as
23 "Attorney Ross," and we'll begin by taking
24 appearances. And then, as -- I don't know

1 of any intervenors. Is that correct? No
2 one's intervened in this?

3 MS. PURCELL: No.

4 HEARINGS EXAMINER ROSS: And the
5 only filing that I have a record of is the
6 Summer Cost of Gas filing itself, as well as
7 the affidavit. Is there anything else?

8 MS. PURCELL: That's right. We
9 didn't have any updates this year.

10 HEARINGS EXAMINER ROSS: No
11 updates. All right. Let's begin by taking
12 appearances.

13 MS. PURCELL: Thank you. Good
14 afternoon. My name is Meabh Purcell from the
15 law firm of Dewey & LeBoeuf in Boston,
16 representing New Hampshire Gas Corporation.

17 MR. SPEIDEL: Good afternoon.
18 My name is Alexander Speidel, and I'm
19 representing Staff. And I have with me Bob
20 Wyatt of the Gas and Water Division.

21 HEARINGS EXAMINER ROSS: Thank
22 you. You'll have an opportunity for closing
23 statements. The Company will go last on that.

24 And I see we have a witness.

1 MS. PURCELL: Yes, Mr. Maloney.

2 HEARINGS EXAMINER ROSS: Will
3 the court reporter swear the witness in,
4 please.

5 (WHEREUPON, BRIAN R. MALONEY was duly
6 sworn and cautioned by the Court
7 Reporter.)

8 BRIAN R. MALONEY, SWORN

9 DIRECT EXAMINATION

10 BY MS. PURCELL:

11 Q. Thank you. Good afternoon, Mr. Maloney.
12 Could you please state your full name, your
13 position and your business address for the
14 record.

15 A. My name is Brian Maloney, lead analyst at
16 Rochester Gas & Electric Corporation in
17 Rochester, New York. RG&E provides
18 affiliate services to New Hampshire Gas
19 Corporation.

20 Q. Thank you. I'm showing you a copy of a
21 filing under cover letter of Dewey &
22 LeBoeuf, dated March 19th. Could you
23 identify this document, please.

24 A. Yes. This is the New Hampshire Gas filing

1 for the cost of gas rate for the summer
2 period May through October, 2012.

3 Q. Thank you. And since your initial filing,
4 have you made any revisions to the proposed
5 COG rate?

6 A. No updates were required.

7 MS. PURCELL: Attorney Ross, I
8 ask that this be marked as New Hampshire
9 Exhibit No. 1.

10 And let me suggest that we
11 mark the Affidavit of Publication as No. 2
12 for identification.

13 (NHGC 1, 2 marked for identification.)

14 MS. PURCELL: And Attorney Ross,
15 you don't need a copy; is that correct?

16 HEARINGS EXAMINER ROSS: I have
17 one. Thank you.

18 BY MS. PURCELL:

19 Q. Okay. Mr. Maloney, do you have any
20 corrections to make to either the testimony
21 or the proposed COG filing?

22 A. No.

23 Q. And were the documents that have been marked
24 collectively as New Hampshire Gas Exhibit

1 No. 1 prepared by you or under your
2 direction and supervision?

3 A. Yes, they were.

4 Q. And do you adopt your testimony as your
5 sworn testimony in this proceeding?

6 A. Yes.

7 Q. And where -- just briefly, can you point to
8 us in the proposed -- in the filing in New
9 Hampshire Gas Exhibit 1 where we would find
10 the Company's proposed COG rates.

11 A. The proposed rate is 1.7884, and it can be
12 found on Schedule B, Line 9.

13 Q. Okay. Thank you.

14 A. It can also be seen on the Proposed Tariff
15 page.

16 Q. And have you done any analysis of the impact
17 of the proposed rate on a typical
18 residential gas customer?

19 A. Yes. There's two schedules, Schedules I-1
20 and I-2, that are bill impact analyses
21 compared to the prior year. And in there,
22 there is a line that shows that the average
23 residential summer period bill will decrease
24 by 7.1 percent compared to last year.

1 Q. Thank you.

2 MS. PURCELL: I have nothing
3 further at this time. Mr. Maloney is
4 available for examination by Staff.

5 HEARINGS EXAMINER ROSS: Thank
6 you.

7 MR. SPEIDEL: Thank you,
8 Attorney Purcell.

9 If I may introduce into the
10 record the Company's data responses, with a
11 cover letter dated April 16, 2011, as
12 Exhibit 3. I don't see any need to refer to
13 them specifically, but they provided useful
14 explanations to certain technical concerns
15 that Staff had. And so I will provide that
16 to the clerk and to the hearings examiner.

17 THE CLERK: Thank you.

18 HEARINGS EXAMINER ROSS: Thank
19 you.

20 (NHGC 3 marked for identification.)

21 CROSS-EXAMINATION

22 BY MR. SPEIDEL:

23 Q. All right. Mr. Maloney, are any of the gas
24 supplies in this off-peak cost of gas

1 forecast hedged, pre-purchased or otherwise
2 tied to a predetermined fixed price?

3 A. No, they are not.

4 Q. Okay. Would you happen to know if the Audit
5 Staff has completed its review of the cost
6 of gas reconciliation from last summer?

7 A. They have completed the review.

8 Q. Are you aware of any issues resulting from
9 the Audit Staff's review of the cost of gas
10 reconciliation from 2011?

11 A. After some clarifying communications with
12 Audit Staff, no exceptions were noted in the
13 audit.

14 Q. Is the Company anticipating any new load
15 growth opportunities this year that would be
16 reflected in the upcoming winter cost of gas
17 forecast?

18 A. No, no specific known growth opportunities
19 are known to us at present.

20 Q. Does the Company attribute the slight
21 increase in its unaccounted-for losses to
22 any particular operational issues during the
23 past year?

24 A. No, we would not say that had a significant

1 influence on that percentage. It's more of
2 a typical fluctuation that is seen in that
3 type of measure on a year-to-year basis.

4 Q. On Page 4, Line 13 of your testimony that is
5 presented within Exhibit 1, there's a
6 reference there to Schedule C, specifically
7 spot propane unit cost. The spot propane
8 unit cost purchase now includes a new cost
9 item identified as a supplier charge. Can
10 you explain what the supplier charge
11 represents and whether or not it is a new
12 charge?

13 A. Yes. The supplier charge is an -- our
14 estimate of the mark-up embedded by our
15 supplier for their supplied procurement
16 services into the spot market price of our
17 propane. It is not a new charge; rather, it
18 is a new addition to this projection exhibit
19 that is an effort to make the projection of
20 our spot market prices more reflective of
21 what we ultimately will get charged by the
22 supplier for those spot purchases.

23 Q. So it's a form of forecasting or
24 prediction --

1 A. Yes.

2 Q. -- in one way?

3 A. Enhancement in the forecasting process.

4 Q. Thank you. On Page 6, Line 12 of your
5 testimony, you note that the estimated
6 premium associated with pre-purchased
7 volumes is \$.0772 per gallon. Can you
8 explain what this premium represents, and is
9 this charge similar or in addition to the
10 supplier charge that is applied to spot
11 propane purchases?

12 A. This total premium -- I'm sorry. The
13 estimated premium that is listed here is
14 our -- again, our estimate of the supplier
15 mark-up embedded in the total premium
16 charged to us on our spot purchases -- I'm
17 sorry -- on our pre-purchased volumes.

18 Q. Okay. Did --

19 A. Oh, and the second part of your question, is
20 it similar to the spot market premium? Yes,
21 it's very similar to that, in that it covers
22 same types of services provided by that
23 supplier.

24 Q. Hmm-hmm. Excellent. Well, thank you very

1 much, Mr. Maloney.

2 MR. SPEIDEL: Staff has no
3 further cross questions.

4 HEARINGS EXAMINER ROSS: Does
5 the Company have any redirect?

6 MS. PURCELL: No, I do not.
7 Thank you.

8 HEARINGS EXAMINER ROSS: In that
9 case, thank you for your testimony. You're
10 excused. Would the Staff like to make a
11 closing statement?

12 MR. SPEIDEL: Indeed it would.
13 Staff recommends approval of New Hampshire Gas
14 Company's proposed 2012 summer period cost of
15 gas rate. The Commission Audit Staff reviewed
16 the 2011 summer season reconciliation and
17 found the cost to be materially accurate. The
18 sales forecast and supply planning appear to
19 be consistent with recent cost of gas
20 forecasts.

21 Actual 2012 summer gas costs and revenues
22 will be reconciled prior to the 2013 cost of
23 gas, and any concerns that may arise will be
24 addressed in that proceeding. Thank you.

1 HEARINGS EXAMINER ROSS: Thank
2 you. The Company.

3 MS. PURCELL: Thank you. New
4 Hampshire Gas Corporation respectfully
5 requests approval of the proposed summer 2012
6 COG rate of \$1.7884 cents per therm by
7 May 1st, 2012.

8 And as always, the Company
9 appreciates Staff's efforts in this
10 proceeding in conducting its review and
11 appreciates its support. Thank you.

12 HEARINGS EXAMINER ROSS: Thank
13 you. I think that concludes our hearing.
14 This might be the quickest Cost of Gas hearing
15 on record.

16 MS. PURCELL: We pride ourselves
17 on that.

18 HEARINGS EXAMINER ROSS: I will
19 take all of this under advisement and will be
20 issuing my written recommendation shortly.
21 Thank you all.

22 MS. PURCELL: Thank you very
23 much.

24 (WHEREUPON the hearing concluded at 2:14 p.m.)

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C E R T I F I C A T E

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

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

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