

DG 99-046

NEW HAMPSHIRE GAS CORPORATION

1999 Summer Cost of Gas Adjustment

Order Affirming and Clarifying Commission Order No. 23,205

O R D E R N O. 23,293

August 30, 1999

On April 1, 1999, New Hampshire Gas Corporation (NHGC or the Company) filed with the New Hampshire Public Utilities Commission (Commission) its Cost of Gas Adjustment (CGA) for the 1999 summer period. An Order of Notice was issued on April 1, 1999. A duly noticed hearing on the merits was held at the Commission on April 15, 1999. On April 23, 1999, the Commission issued Order No. 23,205 approving the CGA and Revised Tariffs. The Commission also: directed NHGC to file revised tariff pages eliminating the base cost of gas included in base rates and reflecting the unit cost of gas to be added to base rates to determine the total cost; agreed to delay implementation of a change to customers' bills delineating between distribution and gas charges at least until the 1999/2000 Winter CGA period; and directed NHGC to break out the unaccounted for gas figure to reflect the amount attributable to leaks and that attributable to unbilled gas in future CGA filings, among other things. Compliance Tariffs were filed on May 13, 1999.

On May 14, 1999, NHGC filed a Motion for Clarification (Motion) alleging: that Order 23,205 requiring NHGC to separately

state the base cost of gas and the delivery cost of gas in its tariff and on its bills contained no discussion as to why this separation is justified and beneficial; that the Order makes no findings of fact that the tariff pages should be revised to eliminate the base unit cost of gas; that the Order contains no basis for concluding that the unaccounted for gas figure should be broken out between the amount attributable to leaks and the amount attributable to unbilled gas in future CGA proceedings; and stating NHGC's concerns that suggestions made by Staff, not presented in the form of testimony, which are not responded to, may become part of Commission orders and requested clarification on a going forward basis.

On May 21, 1999, Staff filed an Objection (Objection) to NHGC's Motion. Staff maintained that: all of the issues contained in the Motion, and the rationale therefor, were discussed with the Company prior to the hearing, or at the hearing, and the issue of tariff revisions specifically was included in the Order of Notice for the reasons set forth therein; the issue of unaccounted for gas was addressed in the cross-examination of NHGC Witness DiBernardo (Tr. 13 - 21) who stated that it was possible to break out from the unaccounted for monthly numbers the amount that would be related to unbilled revenue; that NHGC Witness Cole's Supplemental Testimony (Exhibit 3) addressed the issue of separately stating the base cost of gas and the delivery cost of gas in the tariff and did not object

to doing that at some time in the future but requested that it not be required to do so for this summer period (Tr. 29; Exh 4); the issue that NHGC should separately state the base cost of gas and the delivery cost of gas on its bills is contained in NHGC Witness Cole's Supplemental Testimony (Exhibit 3), in Direct Testimony (Tr 29-33), and in cross-examination (Tr. 38 - 42); Staff's recommendations, and the rationale therefor, based upon the exhibits and testimony described above, were summarized at the end of the hearing by its Counsel; NHGC's Counsel responded that the Company is committed to reviewing and revising its billing to customers, to incorporate the ideas that have been put on the record here today, to keep the Commission staff informed of the Company's efforts in that regard, and to look at the unaccounted for gas and report back to the Commission. (Tr. 44-45)

After review of the record of this proceeding the Motion and the Objection, we affirm our prior Order. The Order clearly reflects our review of the record and requires no clarification or modification. To the extent it adopted Staff's proposals, the rationale therefor was also adopted.

As to the requirement of Order 23,205 requiring NHGC to separately state the base cost of gas and the delivery cost of gas in its tariff and on its bills, the issue of tariff revisions was specifically included in the Order of Notice for the reasons set forth therein. NHGC Witness Cole's Supplemental Testimony

(Exhibit 3) did not object to doing that at some time in the future but requested that it not be required to do so for this summer period (Tr. 29; Exh 4). The Commission has addressed the issue of the base cost of gas in several recent Orders over the past two years. We have stated that tariffs should clearly reflect per unit gas costs. Tariff pages that delineate between gas and non-gas costs and are consistent with customers' bills will help to eliminate customer confusion and better identify the costs being addressed in the CGA proceedings. Northern Utilities, Inc., Order 23,203 (4/23/99). see also Energy North Natural Gas, Order No. 23,180 (3/30/99); Northern Utilities, Inc., Order 22,917 (6/30/98); Northern Utilities, Inc. - Pelham Division, Order 23,204 (4/23/99), and Northern Utilities, Inc. - Pelham Division, Order 22,918 (4/30/98) addressing a propane division. It also provides customers with the information that will help them understand the changes to their bills as a result of changes in gas costs.

As to the requirement that the unaccounted for gas figure should be broken out between the amount attributable to leaks and the amount attributable to unbilled revenue in future CGA proceedings, NHGC Witness DiBernardo (Tr. 13 - 21) stated that it was possible to break out from the unaccounted for monthly numbers the amount that would be related to unbilled revenue. As it now stands, the Company's unaccounted for gas

figures vary wildly from positive to negative percentages due to billing practices. Removing the unbilled revenue will establish a more accurate unaccounted for percentage which can be compared to industry benchmarks and help determine whether leaks exist. This is a common practice in the industry and should be adopted by NHGC.

Staff is not required, in all proceedings, to present testimony to support a position it may embrace at the end of a proceeding. Staff's summation, at the end of the proceeding, was more than mere suggestions and was based upon the testimony and evidence presented during the proceeding. At no time was NHGC prohibited from responding to Staff's summation.

Based upon the foregoing, it is hereby

ORDERED, that Order No. 23,205 in this proceeding is affirmed for the reasons set forth therein and herein.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of August, 1999.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary