

DG 99-129

NORTHERN UTILITIES, INC. - PELHAM DIVISION

1999/2000 Winter Cost of Gas

Order Approving the Cost of Gas Rate

O R D E R N O. 23,329

October 29, 1999

APPEARANCES: LeBoeuf, Lamb, Greene and MacRae, L.L.P. by Paul B. Dexter, Esq., on behalf of Northern Utilities, Inc. and Larry S. Eckhaus, Esq., for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On September 15, 1999, Northern Utilities, Inc. (Northern) filed with the New Hampshire Public Utilities Commission (Commission) its Cost of Gas (COG) rate for the period November 1, 1999 through April 30, 2000 for effect November 1, 1999. The filing was accompanied by a cover letter and supporting schedules of Kelly L. Mullen, Pricing Analyst. The proposed 1999/2000 Winter COG rate is \$0.6534 per therm.

By Order of Notice issued September 17, 1999, the Commission scheduled the date of the hearing for October 14, 1999 and set deadlines for intervention requests and objections thereto. There were no Motions to Intervene filed. A duly noticed hearing on the merits was held on October 14, 1999.

II. POSITIONS OF THE PARTIES AND STAFF

A. Northern

Northern's witness Marjorie H. Izzo, Manager of Rates Administration, addressed the following issues: 1) calculation of the COG rate and the impact on customer bills; and 2) factors contributing to the increased rate.

1. Calculation and Rate Impact of the Proposed COG Rate

The proposed 1999/2000 Winter COG rate of \$0.6534 per therm was calculated by reducing the anticipated cost of gas of \$42,692 by the prior period over-collection of \$909 and related interest of \$56 and dividing the resulting anticipated costs of \$41,727 by projected therm sales of 63,860.

Northern's proposed 1999/2000 Winter COG rate of \$0.6534 per therm represents an increase of \$0.2087 per therm from the 1998/1999 Winter COG rate of \$0.4447 per therm.

The Pelham Division is made up of eighteen (18) commercial customers and the proposed COG rate of \$0.6534 per therm will increase the monthly bill of a customer consuming 200 therms by \$41.74 (or 26%) compared to last winter's bill.

2. Factors Contributing to the Increased COG

The increase in the proposed COG per therm price as compared to last winter's rate can be attributed almost entirely to the change in propane prices from last winter to this winter. The cost of propane was extremely low last year, while this

year's propane prices are more typical of prior years.

B. Staff

At the hearing, Staff stated its support for the proposed 1999/2000 Winter COG rate of \$0.6534 per therm.

III. COMMISSION ANALYSIS

After reviewing the record, we conclude that the proposed 1999/2000 Winter COG rate of \$0.6534 per therm will result in just and reasonable rates and is hereby approved.

Based upon the foregoing, it is hereby

ORDERED, that Northern's Nineteenth Revised Page 33 Superseding Eighteenth Revised Page 33, N.H.P.U.C. tariff of Northern Utilities, Inc. - Pelham Division, providing for the Winter COG rate of \$0.6534 per therm for the period November 1, 1999 through April 30, 2000, is APPROVED, effective for bills rendered on or after November 1, 1999; and it is

FURTHER ORDERED, that Northern may, without further Commission action, adjust the approved COG rate upward or downward monthly based on Northern's calculation of the projected over or under-collection for the period, but the cumulative adjustments shall not exceed ten percent, or \$0.0653, of the approved unit cost of gas and can not change more than ten percent (10%) in any given month; and it is

FURTHER ORDERED, that Northern will provide the Commission with its monthly calculation of the projected over or

under calculation, along with the resulting revised COG rate for the subsequent month, not less than five (5) business days prior to the first day of the subsequent month. Northern shall include a revised tariff page 33 - Calculation of Cost of Gas and revised rate schedules if Northern elects to adjust the COG rate; and it is

FURTHER ORDERED, that the over or under-collection shall accrue interest at the Prime Rate reported in the *Wall Street Journal*. The rate is to be adjusted each quarter using the rate reported on the first date of the month preceding the first month of the quarter; and it is

FURTHER ORDERED, that Northern shall file properly annotated tariff pages in compliance with this Order no later than fifteen (15) days from the issuance date of this Order, as required by N.H. Admin. Rules, Puc 1603.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of October, 1999.

Douglas L. Patch Chairman	Susan S. Geiger Commissioner	Nancy Brockway Commissioner
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Attested by:

Thomas B. Getz
Executive Director and Secretary