

DG 00-034

ENERGYNORTH NATURAL GAS, INC.

2000 Summer Period Cost of Gas Proceeding

Order Approving the Cost of Gas Rate

O R D E R N O. 23,433

March 27, 2000

APPEARANCES: McLane, Graf, Raulerson, and Middleton by Steven V. Camerino, Esq., on behalf of EnergyNorth Natural Gas, Inc. and Larry S. Eckhaus, Esq., for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On February 15, 2000, EnergyNorth Natural Gas, Inc. (ENGI or the Company) filed with the New Hampshire Public Utilities Commission (Commission) its Cost of Gas (COG) for the 2000 Summer period. Accompanying its COG filing was a Motion for Protective Order and Confidential Treatment, which was granted by Commission Order No. 23,426 (March 13, 2000). ENGI's filing included the direct joint testimony and supporting attachments of Mark G. Savoie, Manager of Regulatory Affairs, and Donald E. Carroll, Vice President of Gas Supply.

An Order of Notice was issued on February 17, 2000. ENGI informed customers of the impending change by publishing a copy of the Order of Notice in the *Union Leader* on February 22, 2000.

On March 20, 2000, ENGI filed revised testimony and a revised proposed Cost of Gas. The revised filing updated the natural gas costs based on the most recent futures prices as quoted in the *Wall Street Journal*, increasing the proposed Summer COG rate to \$0.4086 per therm from the \$0.3986 per therm rate proposed in the original February 15, 2000 filing.

There were no intervenors in this docket. A duly noticed hearing on the merits was held at the Commission on March 23, 2000.

II. POSITIONS OF THE PARTIES AND STAFF

EnergyNorth Natural Gas, Inc.

ENGI witnesses Mark G. Savoie and Donald E. Carroll addressed the following issues: a) calculation of the Firm Sales COG and the impact on customer bills; b) factors contributing to the increased rate; and c) reasons for the 1999 Summer COG under-collection.

A. Calculation and Impact of the Firm Sales COG

The proposed 2000 Summer COG rate of \$0.4086 per therm (allowing for monthly, cumulative adjustments at levels to produce COG rates not to exceed a maximum rate of \$0.4495 per therm and a minimum rate of \$0.3677 per therm) was calculated by increasing the anticipated cost of gas of \$11,772,598 by net adjustments of \$1,403,638 and dividing the

adjusted gas costs of \$13,176,236 by projected therm sales of 32,243,411.

ENGI's proposed 2000 Summer COG rate is \$0.4086 per therm, an increase of \$0.0973 per therm from last summer's weighted average rate of \$0.3113 per therm.

If the proposed COG rate is in effect for the entire summer period, an average domestic customer's monthly bill would be \$4.69 greater than last summer, a 15.25% increase.

B. Factors Contributing to the Increased COG

The proposed COG rate is significantly higher than last summer, due almost exclusively to a substantial under-collection from the 1999 Summer period included in the calculation of the proposed summer rate. The 1999 Summer COG rate was designed to return a prior period over-collection of \$497,814, whereas the 2000 Summer COG rate is designed to recover a \$1,220,212 under-collection.

C. Reasons for the 1999 Summer Under-Collection

Commission Order No. 23,180 (March 30, 1999), approving ENGI's 1999 Summer COG rate, allowed ENGI the ability to adjust the approved rate upward or downward on a monthly basis without filing with the Commission, with cumulative adjustments not to exceed 10%. As the price of natural gas rose during the 1999 Summer period, ENGI

instituted price increases effective May 1, 1999 and August 1, 1999. The second increase brought the COG rate to the allowed maximum, without filing a revised COG for Commission approval. Natural gas prices continued to climb and ENGI's September calculation of the projected over or under-collection estimated a \$633,444 under-collection as of October 31, 1999, approximately 5% of total gas costs for the period.

Faced with severe time constraints in which to file and receive Commission approval for an October 1 revised COG rate, and a very substantial increase in the summer COG rate if designed to entirely eliminate the projected under-collection, ENGI elected not to file a revised 1999 Summer COG with the Commission. Commission Staff was consulted at the time and agreed with the decision to not file.

Colder than normal weather at the end of October resulted in higher gas costs for the month, but a substantial portion of the associated revenues were collected and credited to the winter period. The projected under-collection was nearly doubled as a result of these unbilled revenues.

Staff

Staff stated its support for the proposed 2000 Summer COG rate of \$0.4086 per therm.

III. COMMISSION ANALYSIS

After having reviewed the record, we conclude that ENGI's proposed 2000 Summer COG is consistent with its previous performance relative to minimizing gas costs. Accordingly, we accept and approve ENGI's proposed 2000 Summer COG rate of \$0.4086 per therm.

Based upon the foregoing, it is hereby

ORDERED, that ENGI's Fifth Revised Page 20 Superseding Fourth Revised Page 20, N.H.P.U.C. tariff of EnergyNorth Natural Gas, Inc. providing for a Summer 2000 Cost of Gas rate of \$0.4086 per therm for the period April 1, 2000 through October 31, 2000 is hereby approved; and it is

FURTHER ORDERED, that the over or under collection shall accrue interest at the Prime Rate as 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 ENGI may, without further Commission action, adjust the approved COG rate of \$0.4086 per therm upward or downward monthly based on ENGI's calculation of the projected over or under-collection for the period, but the cumulative adjustments shall not vary more than ten percent (10%) from the approved unit cost of gas (or \$0.0409)

per therm and can not change more than ten percent (10%) in any given month; and it is

FURTHER ORDERED, that ENGI shall 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. ENGI shall include a revised tariff page 20 - Calculation of Cost of Gas Adjustment for firm sales and revised firm rate schedules if the Company elects to adjust the COG rate; and it is

FURTHER ORDERED, that ENGI shall file its reconciliation of the prior period under/over collection no later than June 30 for the winter period and January 31 for the summer period; and it is

FURTHER ORDERED, that ENGI file properly annotated tariff pages in compliance with this Order no later than 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-seventh day of March, 2000.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary