

DG 00-063

ENERGYNORTH NATURAL GAS, INC.

Rate Redesign

Order Approving Procedural Schedule

O R D E R N O. 23,525

July 6, 2000

APPEARANCES: McLane, Graf, Raulerson, and Middleton by Steven V. Camerino, Esq.; Office of the Consumer Advocate by Michael Holmes, Esq. and Kenneth E. Traum on behalf of residential utility consumers; and Larry S. Eckhaus for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On March 23, 2000, EnergyNorth Natural Gas, Inc. (ENGI) filed with the New Hampshire Public Utilities Commission (Commission) a Notice of Intent to File Rate Schedules. On May 8, 2000, ENGI submitted the proposed rate changes. The filing included ENGI's proposed tariff revisions and supporting documentation, including prefiled testimony and exhibits.

According to ENGI, the proposed rates are designed to be revenue neutral. That is, in total, the proposed rates would produce the same level of revenues as the existing rates, assuming no change in billing determinants. Thus, overall, no rate increase is proposed. However, the proposed delivery rates for individual rate classes and customers have

changed. Some classes and customers will experience increases while others will experience decreases.

ENGI proposes identical delivery rates for both sales and delivery customers. The delivery rates will contain no gas supply related costs so that customers will be indifferent, from a delivery rate perspective, as to whether they opt for supply service from ENGI or from another supplier. ENGI states that the proposed delivery rates are designed to more closely reflect the cost of serving the various customer classes.

ENGI also proposes a revised Cost of Gas (COG) clause so that direct and indirect gas supply related costs will be recovered in the COG. The revised COG clause provides for load factor based gas cost rates that will more closely reflect the cost to provide gas supply service than the current COG rates, which are uniform for all classes.

ENGI proposed that the rates be effective November 1, 2000, coincident with its next winter COG rate change. In order to implement the necessary billing system changes, to re-classify customers into new rate classes, and to give customers notice of the changes in rates and rate classes, ENGI states that it will require approximately two months between the date of the Commission's decision on the proposed

rates and the effective date of the rates.

By an Order of Notice issued May 15, 2000, the Commission scheduled a Prehearing Conference and Technical Session for June 8, 2000, and set deadlines for intervention requests and objections thereto. On May 12, 2000, the Office of the Consumer Advocate (OCA) filed a Notice of Intent to Participate in this docket on behalf of residential utility consumers pursuant to the powers and duties granted to the OCA under RSA 363:28,II. No other petitions to intervene were filed.

At the Prehearing Conference, the Commission requested that the parties and Staff state their preliminary positions for the record. ENGI stated that it has two primary reasons for filing this case. First, ENGI proposes to move away from so-called end-use tariffs and to redesign rates so that they are more reflective of load factor and the actual cost to serve each of the various customer classes. Second, ENGI stated that redesigning the rates relates to the move toward restructuring the natural gas industry and the desire to better align the commodity charges with the cost of gas and the delivery charges with delivery costs. According to ENGI, either of these reasons, independently, would have caused ENGI to file this rate redesign case.

The OCA stated its position that if there is to be any realignment, the Commission should find that residential customers are now paying more than their fair share. In addition, the OCA is of the opinion that the legal notice is not adequate, although the OCA is not requesting that the notice be reissued. The OCA suggested that the language that "some classes and customers will likely experience increases while others will likely experience decreases" is not as specific as the information that the Commission has usually provided customers when a utility has a filed a proposal that increases and decreases rates for various customer classes and customers.

Staff stated it is premature for it to take a position with regard to the filing. Staff also stated that it recognizes that the redesign of ENGI's base rates is essential to move forward with restructuring as presented in Docket No. DE 98-124 if the Commission orders unbundling. Staff indicated that it has been a significant amount of time since ENGI's base rates have been set and, given the many changes in the industry, it is appropriate for review at this time. Staff stated that isolating rate design allows the parties and Staff to focus just on rate design as opposed to getting involved in a full rate case. Staff indicated that it was

working with ENGI and the OCA to develop a procedural schedule that contemplated hearings in January 2001, later than originally anticipated due to the nature of the case and the loss of a Staff employee, but which provides the opportunity for a thorough review process. Regarding the OCA's comments on the noticing of the Prehearing Conference, Staff indicated that the Commission's Consumer Affairs Department worked with ENGI to develop the display advertisement which appeared in several newspapers and the bill stuffer sent to all of ENGI's customers which has the proposed rate impacts by class.

On June 9, 2000, ENGI filed with the Commission, in response to a bench request, a copy of the display advertisement which noticed the public hearing scheduled for June 8, 2000 and detailed the specific rate impacts for the residential classes and general rate impacts for the commercial and industrial classes. The display advertisement ran in the *Union Leader*, *Concord Monitor*, *Laconia Citizen*, and *Nashua Telegraph*.

On June 20, 2000, Staff filed with the Commission a proposed procedural schedule to govern the orderly progression of the proceeding. Staff indicated that it obtained the concurrence of ENGI and OCA. The proposed schedule is as follows:

Technical Session	June 13, 2000;
Rolling Data Requests to Company Final Requests Due by	August 4, 2000;
Rolling Company Responses Final Responses Due by	August 18, 2000;
Intervenor Testimony	September 1, 2000;
Data Requests to Intervenor	September 15, 2000;
Intervenor Responses	September 29, 2000;
Staff Testimony	October 13, 2000;
Data Request to Staff	October 27, 2000;
Staff Responses	November 9, 2000;
Deadline to File Motion for Consolidation of Hearings with Docket DG 00-046, <i>Northern Utilities, Inc.</i>	November 15, 2000;
Company & Intervenor Rebuttal Testimony	November 27, 2000;
Hearings	To Be Determined (December 2000);
Briefs/Reply Briefs	To Be Determined;
Commission Order	by Feb. 26, 2001;
Effective	To Be Determined.

The Parties and Staff also indicated that they recognize that there may be issues common to both Docket DG 00-063, *EnergyNorth Natural Gas, Inc.* and Docket DG 00-046, *Northern Utilities, Inc.* rate redesign proceedings. The Parties and Staff indicated that they recognize that the Commission may

wish to consider the consolidation of hearings, pursuant to Puc 203.08, in order to promote the orderly and efficient conduct of the proceedings. The Parties and Staff agreed that any request for consolidation of hearings, pursuant to Puc 203.08, shall be filed with the Commission no later than November 15, 2000, with any objections to such motion(s) to be filed within ten days of the date on which the motion is filed pursuant to Puc 203.04(g).

II. COMMISSION ANALYSIS

We find the proposed procedural schedule to be reasonable and will, therefore, approve it.

Additionally, we find that the Prehearing Conference scheduled for June 8, 2000 was properly noticed in accordance with Puc Rule 203.01(b) and 203.01(d). Rule 203.01(b) requires that the Commission shall direct the petitioner to give notice to the general public by a newspaper of general circulation serving the area affected by the petition. Rule 203.01(d) requires that the Commission shall direct such other means of notice as it deems appropriate and advisable in order to ensure meaningful notification to interested parties. The Order of Notice was published in the *Union Leader*, a newspaper with general circulation in ENGI's service territory. Additionally, the display advertisement describing the rate

impacts was published in four different newspapers. ENGI has also mailed to all of its customers a bill insert describing ENGI's request for approval of rate changes and the rate impacts by rate class. Altogether, these notices have served to inform ENGI's customers of the proceeding and ENGI's proposed rate redesign.

Based upon the foregoing, it is hereby

ORDERED, that the procedural schedule delineated above is APPROVED.

By order of the Public Utilities Commission of New Hampshire this sixth day of July, 2000.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary