

DG 04-152

**ENERGYNORTH NATURAL GAS, INC. D/B/A
KEYSPAN ENERGY DELIVERY NEW ENGLAND**

2004/2005 Winter Cost of Gas

**Order Approving the Cost of Gas Rates, Local Distribution
Adjustment Clause Rates and Other Rates**

ORDER NO. 24,388

October 29, 2004

APPEARANCES: McLane, Graf, Raulerson, and Middleton by Steven V. Camerino, Esq. on behalf of EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy Delivery New England; New Hampshire Legal Assistance by Alan Linder, Esq., on behalf of Pamela Locke; Office of the Consumer Advocate by F. Anne Ross, Esq. on behalf of residential utility ratepayers; and Edward N. Damon, Esq. for the Staff of the New Hampshire Public Utilities Commission

I. PROCEDURAL HISTORY

On September 1, 2004, EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy Delivery New England (KeySpan), a public utility engaged in the business of distributing natural gas in 29 cities and towns in southern and central New Hampshire and the City of Berlin in northern New Hampshire, filed with the New Hampshire Public Utilities Commission (Commission) its Cost of Gas (COG) for the 2004/2005 winter period. KeySpan's filing included the direct testimony and supporting attachments of A. Leo Silvestrini, Director of Rates and Regulatory Affairs, Theodore E. Poe, Jr., Energy Planning Manager, and Alexander G. Taft, Director of Environmental Operations New England. Accompanying KeySpan's COG filing was a Motion for Protective Order and Confidential Treatment.

On September 8, 2004, the Commission issued an Order of Notice setting a hearing for October 21, 2004. On September 14, 2004, the Office of Consumer Advocate (OCA)

filed with the Commission its notice of intent to participate in this docket on behalf of residential ratepayers consistent with RSA 363:28.

On September 15, 2004, KeySpan filed its proposed Fixed Price Option (FPO) rates for the 2004/2005 winter period and supporting schedules. On September 17, 2004, KeySpan filed with the Commission a second Motion for Protective Order and Confidential Treatment of Fixed Price Option Schedules.

On September 23, 2004, KeySpan filed a letter notifying the Commission of KeySpan's withdrawal of its request, made in its first Motion for Protective Order and Confidential Treatment, for protective treatment of Schedule 16 and clarifying, in connection with its second Motion for Protective Order and Confidential Treatment of Fixed Price Option Schedules, that the reference to Schedule 5B should have been to Schedule 5C. On September 29, 2004, KeySpan filed a third Motion for Protective Order and Confidential Treatment of Responses to Staff's Data Requests. On October 4, 2004, a technical session was held at the offices of the Commission as scheduled.

On October 6, 2004, KeySpan filed a letter with the Commission requesting notice from the Commission as to whether the Commission objected to KeySpan's using revised proposed FPO and COG rates in its FPO notices to customers. On the same date, the Commission notified the parties that a hearing on the merits of the FPO proposal was to be held at the Commission on October 8, 2004. On October 8, 2004, KeySpan filed with the Commission a revised FPO rate and the duly noticed hearing was held. The FPO proposal was approved at the Commission meeting held that afternoon. See, Commission Meeting Minutes, October 8, 2004.

On October 15, 2004, a second technical session was held at the offices of the Commission as scheduled. Also on October 15, 2004, New Hampshire Legal Assistance (NHLA) requested late intervention on behalf of Pamela Locke and submitted testimony on her behalf. The Commission approved the intervention request at the October 21, 2004 hearing.

On October 19, 2004, Staff filed the direct testimony and supporting attachments of Stephen P. Frink, Assistant Director of the Gas & Water Division, as well as joint testimony of John B. Adger, Jr. and Yavuz Arik of Liberty Consulting Group on behalf of Staff.

On October 20, 2004, KeySpan filed with the Commission a fourth Motion for Protective Order and Confidential Treatment of Response to Staff Data Request 1-10(f).

On October 21, 2004, KeySpan filed revised COG rates for the 2004/2005 winter period and a duly noticed hearing on the merits was held at the Commission. On October 26, 2004, KeySpan filed responses to Staff's record requests. On October 27, 2004, KeySpan filed a fifth Motion for Protective Order and Confidential Treatment of Response to Staff Data Requests 2-2, 2-5, 2-7 and 2-8 and a sixth Motion for Protective Order and Confidential Treatment of Letter to Staff and responses to Staff record requests (Exhibits 9 and 10).

II. POSITIONS OF THE PARTIES AND STAFF

A. KeySpan

KeySpan witnesses A. Leo Silvestrini and Theodore E. Poe testified as to the following issues: 1) calculation of the firm sales COG rates and impacts on customer bills; 2) the reasons for the increased rate; 3) calculation of the FPO rates; 4) the firm transportation COG rate; 5) the transportation Supplier Balancing Charge, Peaking Service Demand Charge and capacity allocators; and 6) the Local Distribution Adjustment Clause (LDAC) Charge.

KeySpan witness Alexander G. Taft also provided pre-filed testimony regarding the status of site investigation and remediation efforts at the various manufactured gas plant (MGP) sites in New Hampshire and KeySpan's efforts to seek reimbursement for MGP related liabilities from third parties in order to diminish the costs submitted for recovery from KeySpan's customers. The costs associated with these efforts and the amounts recovered from third parties are detailed in testimony and supporting schedules and other data supplied to the Staff by Mr. Silvestrini. Tricia Hederle, Lead Project Manager/Hydrogeologist for KeySpan Energy Delivery New England testified at the hearing in place of Mr. Taft, who was unable to attend due to other commitments.

1. Calculation and Impact of the Firm Sales COG Rates

The proposed 2004/2005 winter COG average residential firm sales COG rate of \$0.9436 per therm is comprised of anticipated direct gas costs, indirect gas costs and various adjustments. Anticipated direct gas costs total \$81,542,074 and adjustments total \$6,131,391. Anticipated indirect gas costs total \$4,250,461, consisting of working capital, bad debt and overhead charges. The gas costs to be recovered over the 2004/2005 winter period (anticipated direct and indirect costs and adjustments) total \$91,923,926 and are divided by projected winter period sales of 97,417,789 therms (based on 2003/2004 winter normalized sales and projected sales growth of 2.5 percent) to arrive at the average COG rate.

The applicable ratios established in KeySpan's rate redesign case, *EnergyNorth Natural Gas, Inc., dba KeySpan Energy Delivery New England*, 86 NH PUC 248 (2001), were applied to the average residential COG rate to determine the commercial/industrial (C&I) low winter use COG rate of \$0.8405 per therm and the C&I high winter use COG rate of \$0.9614 per therm.

KeySpan's proposed 2004/2005 winter COG residential rate of \$0.9436 per therm is an increase of \$0.1216 per therm from the 2003/2004 winter weighted firm sales COG rate of \$0.8220 per therm. The combined impact of the proposed firm sales COG rate and LDAC rate is an increase in the typical residential heating customer's winter gas costs of \$110.99, a 14.5 percent increase compared to last winter.

2. Reasons for the Increase

KeySpan testified that the three primary reasons for the increased COG rates are that the purchased gas supply costs are higher than last winter, projected commodity prices quoted on the New York Mercantile Exchange (NYMEX) are higher than prices paid last winter and hedging costs are higher.

3. Calculation of the FPO Rates

As indicated in the Procedural History above, KeySpan initially proposed a residential COG rate of approximately \$0.89 per therm and a residential FPO rate of approximately \$0.85 per therm based on the calculation methodology in effect at the time.

On October 6, 2004, KeySpan filed recommendations, supported by Staff and the OCA, to revise the calculation of the FPO rate and expand the availability of the FPO rate from 30% to 40% of KeySpan's projected winter load. The recommendation regarding the calculation of the FPO rate expressed the concern by the OCA that setting the FPO rate below the initial COG rate would give customers an inappropriate price signal and would likely lead to a significant oversubscription of the program. The filing recommended that the FPO rate for the 2004/2005 winter be set one cent per therm above the updated COG rate as calculated at that time. KeySpan submitted an updated COG rate at the October 8, 2004 hearing of \$0.8825 per therm and therefore proposed that the FPO rate be increased to \$0.8925 per therm.

4. Firm Transportation COG Rate

The proposed firm transportation COG rate of \$0.0042 per therm is an increase of \$0.0042 over last winter's rate of \$0.0000 per therm. This increase is largely the result of a \$2 million increase in anticipated costs of produced supplies compared to last winter.

5. Revised Transportation Charges and Allocators

In Re Gas Restructuring-Unbundling and Competition in the Natural Gas Industry, 86 NH PUC 131 (2001), the Commission approved a Supplier Balancing Charge and Peaking Service Demand Charge to be updated once a year, commencing with the November billing month. Supplier Balancing charges are the charges that suppliers are required to pay as KeySpan attempts to meet the shifting loads for the supplier's customer pools. Peaking Service Demand charges reflect KeySpan's peaking resources and associated costs. KeySpan proposes to increase the Supplier Balancing Charge from \$0.13 per MMBtu to \$0.15 per MMBtu of Daily Imbalance Volumes and decrease the Peaking Service Demand Charge from \$19.44 per MMBtu of Peak MDQ to \$18.28 per MMBtu of Peak MDQ. The changes are based on an update of volumes and costs used in calculating the charges.

Finally, the capacity allocator percentages, which are used to allocate pipeline, storage and local peaking capacity to a customer's supplier under the mandatory capacity assignment required by New Hampshire for firm transportation service, have been updated to reflect KeySpan's supply portfolio for the upcoming year.

6. LDAC Rates

The LDAC charges that KeySpan proposes to bill from November 1, 2004, through October 31, 2005, include charges for DSM lost revenues, energy efficiency programs and certain environmental remediation costs for the clean up of MGP sites in New Hampshire.

KeySpan proposes a \$0.0004 per therm conservation charge (CC) for residential heating customers to recover lost revenues that resulted from discontinued DSM programs. KeySpan proposes a \$0.0000 per therm CC for its non-heating residential and C&I customers.

In *EnergyNorth Natural Gas, Inc.*, 84 NH PUC 489 (1999), the Commission approved a recovery mechanism for environmental remediation costs, including legal costs incurred pursuing third party recoveries (i.e., plant operators and insurance carriers), associated with former manufactured gas plant sites. These costs are filed during KeySpan's winter COG proceeding for Commission review and are recovered over a seven-year period. Third party recoveries are credited against unamortized balances authorized for recovery and used to reduce the amortization period. Additional environmental remediation costs of \$1,455,849 have been incurred over the past year and proposed for recovery, along with legal costs, net of recoveries, of \$379,177. The proposed environmental surcharge for the upcoming year is \$0.0099 per therm. The net impact on the total environmental surcharge is an increase of \$0.0009 per therm from the current surcharge of \$0.0090 per therm.

In *Energy-Efficiency Programs for Gas Utilities*, 87 NH PUC 892 (2002), the Commission approved the implementation of energy efficiency programs for New Hampshire's natural gas utilities. The LDAC charge includes a proposed energy efficiency surcharge of \$0.0094 per therm for residential customers and \$0.0089 per therm for C&I customers, effective November 1, 2004 through October 31, 2005. The proposed energy efficiency surcharge represents a decrease of \$0.0024 per therm for residential customers and an increase of \$0.0001 per therm for C&I customers compared to energy efficiency rates currently in effect.

7. Motions for Orders of Protection and Confidential Treatment

KeySpan requests that the Commission issue protective orders regarding certain confidential information provided to the Commission. In the first Motion for Protective Order and Confidential Treatment filed on September 1, 2004, and revised by letter filed on September 23, 2004, KeySpan seeks protective treatment for the following information which, according to KeySpan, identifies specific suppliers and commodity and demand charges or is information which can be determined from the data provided:

Schedule 1	Summary of Supply and Demand Forecast
Schedule 2	Contracts Ranked on a per Unit Cost Basis
Schedule 4	Summary of Adjustments to Gas Costs
Schedule 5	Detail of Demand Volumes, Costs, Tariff Rates and Costs per Unit
Schedule 6	Detail of Commodity Volumes, Costs, Tariff Rates and Costs per Unit
Schedule 7	NYMEX Futures @ Henry Hub, Development of Commodity Rates by Content
Schedule 11	Normal and Design Year Volumes and Capacity Utilization
Schedule 12B	Agreements for Gas Supply and Transportation
Page 153	Attachment D - Peaking Demand Charge.

KeySpan asserts that this information constitutes trade secrets of KeySpan and should be protected as confidential commercial information. KeySpan states that it does not disclose this information to anyone outside of its corporate affiliates and their representatives. KeySpan further asserts that release of this information is likely to result in competitive disadvantage for KeySpan in the form of less advantageous or more expensive gas supply contracts and that gas suppliers possessing the confidential information described above would be aware of KeySpan's expectations regarding gas supply costs and other contract terms, and would therefore be unlikely to propose to supply such goods and services on terms significantly more advantageous to KeySpan.

In the second Motion for Protective Order and Confidential Treatment of Fixed Price Option Schedules filed on September 17, 2004, and clarified by letter filed on September 23, 2004, KeySpan seeks protective treatment for the following information:

Schedule 1--Summary of Supply and Demand Forecast

Page 2, lines 50-57, 63-74, 80-85 and 91-97
Page 3, lines 105-17, 124-25, 129-31 and 137-42
Page 4, lines 167-71

Schedule 2—Contracts Ranked on a per Unit Cost Basis

Page 1, columns e and f

Schedule 4—Summary of Adjustments to Gas Costs

Page 1, lines 8-11 (except columns a and l)

Schedule 5—Detail of Demand Costs

Schedule 5A, columns d-j (lines 12-15, 20-31, 36-41 and 52-58)
Schedule 5C

Schedule 6—Detail of Supply and Commodity Costs, Volumes and Rates

Page 1, columns c-i (lines 12-22, 27-33, 38-41 and 48-52)
Page 2, columns c-i (lines 67-70, 72-77, 85-86 and 91-93)
Page 3, columns c-i

Schedule 7—NYMEX Futures @ Henry Hub, Development of Commodity by Content

Page 1, lines 25-34
Page 2, columns b-l
Page 3, columns b-l
Page 4, columns b-l

Schedules 11--Normal Design Year Volumes and Capacity Utilization

Schedule 11A, lines 12-15, 19-21, 29-31 and 35-38
Schedule 11B, lines 52-55, 59-62, 66-67 and 69-70
Schedule 11C, lines 12-15 (except "Utilization Rate" columns), 19-23 (except "Utilization Rate" columns), 30-32 and 36-39

Schedule 12—Agreements for Gas Supply and Transportation

Page 2, lines 1-8, 12 and 13 of table (other than "source" and "type" columns)

KeySpan advances reasons for protective treatment which are similar to those advanced in the first Motion for Protective Order and Confidential Treatment. In addition, KeySpan emphasizes that KeySpan has sought, and the Commission has granted, protective treatment of the same type of information as part of the Company's cost of gas filings and, in DG 03-160, when filed as part of a separate FPO filing.

In its third Motion for Protective Order and Confidential Treatment of Responses to Staff's Data Requests filed on September 29, 2004, KeySpan seeks protective treatment for information regarding KeySpan's gas supply portfolio and the dispatch of those resources, weather data utilized by KeySpan, gas supply contracts, names of KeySpan customers and other historical and current information. KeySpan does not identify all the responses to data requests for which protective treatment is sought. KeySpan advances reasons for protective treatment which are similar to those advanced in the first Motion for Protective Order and Confidential Treatment. In addition, KeySpan asserts that the gas supply portfolio and dispatch information includes pricing information and other terms for which the Commission has routinely granted protective treatment; the contract for weather information provided to KeySpan by an outside vendor requires that KeySpan maintain the confidentiality of the information because it is proprietary to the vendor; the Commission has previously granted KeySpan's requests for protective treatment of its various gas supply contracts; and the names of specific KeySpan customers and the nature of the service taken by them are confidential based on prior Commission practice.

In its fourth Motion for Protective Order and Confidential Treatment of Response to Staff Data Request 1-10(f) filed on October 20, 2004, KeySpan seeks protective treatment for information regarding the prices, volumes and dates for propane procurement over the last five years. KeySpan advances reasons for protective treatment which are similar to those advanced in the first Motion for Protective Order and Confidential Treatment.

In its fifth Motion for Protective Order and Confidential Treatment of Response to Staff Data Requests 2-2, 2-5, 2-7 and 2-8 filed on October 27, 2004, KeySpan advances reasons for protective treatment which are similar to those advanced in the first Motion for Protective Order and Confidential Treatment.

In its sixth Motion for Protective Order and Confidential Treatment of Letter to Staff filed on October 27, 2004, KeySpan seeks protective treatment of confidential information contained in a letter to Staff members Stephen Frink and Robert Wyatt dated October 19, 2004 regarding terms of the asset management agreement between KeySpan and Entergy Koch Trading, L.P (EKT) related to the amount of guaranteed payments and profit sharing and certain modifications discussed by KeySpan and EKT. KeySpan's letter to Staff was submitted pursuant to the requirements of the settlement agreement in DG 03-160. KeySpan advances reasons for protective treatment which are similar to those advanced in the first Motion for Protective Order and Confidential Treatment. In addition, KeySpan asserts that some of the information is identical to or the same in nature as information for which the Commission has previously granted protective treatment. KeySpan further asserts that it is contractually obligated to maintain confidentiality over the pricing provisions of the asset management agreement with EKT.

In the third, fourth, fifth and sixth motions for protective order and confidential treatment, KeySpan requests that Staff's consultant be prohibited from using the confidential information for any purpose other than for services provided to the Commission and specifically that the consultant return to the Commission or KeySpan at the conclusion of the consultant's services all copies, notes and other materials containing any of the confidential information and be prohibited from using the confidential information for any other client it may have or for its own purposes. There were no responses filed to any of these requests for protective treatment.

B. NHLA

Ms. Locke testified that rising gas bills are creating a hardship for low income customers and that the Commission and KeySpan should consider establishing a discount program for low income and elderly gas customers with limited, fixed income.

C. OCA

The OCA recommends approval of the proposed COG rates. In addition, the OCA agrees with Staff's position that the costs related to DOMAC FCS supplies should be reviewed closely.

D. Staff

Staff recommends approval of the proposed KeySpan COG rates, FPO rates, LDAC rates and Supplier Balancing Charge rate and other rates. Although Staff recommended approval of the proposed rates, Staff testified that certain gas dispatch issues raised in last winter's COG filing (DG 03-160) and the 2004 summer COG filing (DG 04-040) were also unresolved during the 2003/04 winter period and that those issues are currently under investigation in the combined Integrated Resource Plan and Gas Dispatch Investigation dockets (DG 04-133 & DG 04-175), and could ultimately lead Staff to recommend the Commission

disallow imprudently incurred 2003/2004 winter gas costs. One exception noted by Mr. Frink was the withdrawal of underground storage, which Staff believes was reasonable for the period under review.

Mr. Frink presented the agreement reached between the Staff, OCA and KeySpan in which KeySpan is to implement the use of “rule curves” to govern the dispatch of underground natural gas storage during the 2004/2005 winter period. Under the agreement, KeySpan is to have a specific level of natural gas in underground storage at the end of each winter month, as listed in Schedule 11B at line 65 (page 116) of KeySpan’s COG filing. Mr. Frink testified that the agreement would serve to reduce price volatility by ensuring that KeySpan does not make excessive storage withdrawals early the winter without re-injecting gas during those months, thereby reducing the potential need for spot purchases later in the winter.

Mr. Adger and Mr. Arik testified that their assignment is to assess KeySpan’s gas-supply planning and dispatch processes and, if they find those processes to be inadequate, they will attempt to quantify the consequences of such inadequacies in terms of increased costs to KeySpan’s New Hampshire customers. The witnesses testified that their investigation is proceeding in Docket DG 04-133 and DG 04-175.

III. COMMISSION ANALYSIS

Based on a careful review of the record in this docket, we find that KeySpan’s proposed COG rates and surcharges will result in just and reasonable rates pursuant to RSA 378:7. Accordingly, we approve KeySpan’s proposed 2004/2005 firm sales winter COG rates, FPO rates, firm transportation winter COG rate, LDAC rate components (including Conservation Charges, environmental cost recovery surcharge and energy efficiency surcharges), transportation Supplier Balancing rate, transportation Peaking Service Demand rate and

transportation capacity allocators. We note that our approval of these rates is subject to any rulings or adjustments we may make in the combined Integrated Resource Plan and Gas Dispatch Investigation dockets (DG 04-133 & DG 04-175). We also reaffirm our approval of the parties' FPO recommendations which were the subject of the hearing on October 8, 2004.

It is our belief, especially in light of rising commodity prices, that it is essential that natural gas energy supply portfolios be hedged against the risk of sharp price increases. The cost of energy has been volatile, and at times prices have risen significantly. The cost of financial hedges to protect against that volatility has increased correspondingly. The use of a "rule curve" in managing underground storage, as agreed to by the parties and Staff, should serve to reduce price volatility for the winter period without incurring premiums that would otherwise be required when using financial hedges. We believe the proposed use of a "rule curve" strikes a reasonable balance between the goals of least cost gas dispatch and price stability, which sometimes conflict.

In EnergyNorth Natural Gas, Inc, d/b/a KeySpan Energy Delivery New England, Order No. 24,323 (May 7, 2004), approving the settlement agreement regarding the 2003/2004 winter COG, Staff and the parties recommended that the Commission open a docket to consider whether a low income customer bill assistance program for natural gas customers should be established. We agreed to consider the reasonableness of opening a docket to investigate the benefits of a low income assistance program for gas customers after we issued an order on the stipulation filed in Docket No. DE 03-195, Statewide Low-Income Electric Assistance Program (EAP). Commission Order No. 24,329 (May 21, 2004) approved the stipulation. Based on the results of the EAP to date, we believe it is reasonable to investigate the benefits of a low income assistance program for gas customers at this time. We recognize that such an investigation

cannot be completed in time to provide assistance to natural gas customers during the 2004/2005 winter period, if it is determined such a program is merited, and that the current IRP and Gas Dispatch Investigation is not scheduled to be completed until late March, 2005. Accordingly, we will require that a docket be opened to address the matter at the start of the 2005 summer period with recommendations to be presented to the Commission prior to the start of the 2005/2006 winter period.

The New Hampshire Right to Know Law provides each citizen with the right to inspect all public records in the possession of the Commission. *See* RSA 91-A:4,I. The statute contains an exemption, invoked here, for “confidential, commercial or financial information.” RSA 91-A:5,IV. Our applicable rule, Puc 204.06, is designed to facilitate the implementation of the statute as it has been interpreted by the courts. In most cases, a balancing test is used to determine whether confidential treatment should be granted. *See e.g., Union Leader Corporation v. New Hampshire Housing Finance Authority*, 142 N.H. 540 (1997).

We note that no parties have objected to the six motions for protective order and confidential treatment and that the information for which protective treatment is sought is similar to information for which the Commission has granted protective treatment in the past. In balancing the interests for and against public disclosure of the information for which confidential treatment is sought, we are persuaded on the basis of the record in this docket that the interests of KeySpan and ultimately KeySpan’s ratepayers in non-disclosure outweigh the public’s interest in obtaining access to the information. We will therefore grant the six motions for protective order and confidential treatment at this time. Consistent with our practice, the protective treatment provisions of this Order will be subject to the on-going rights of the Commission, on its own

motion or on the motion of Staff, any party or any other member of the public, to reconsider in light of RSA 91-A, should circumstances so warrant.

Based upon the foregoing, it is hereby

ORDERED, that KeySpan's 2004/2005 winter COG and FPO per therm rates for the period November 1, 2004 through April 30, 2005 are APPROVED, effective for service rendered on or after November 1, 2004 as follows:

	Cost of Gas	Minimum COG	Maximum COG	Fixed Price Option
Residential	\$0.9436	\$0.7549	\$1.1323	\$0.8925
C&I, low winter use	\$0.8405	\$0.6724	\$1.0086	\$0.7961
C&I, high winter use	\$0.9614	\$0.7691	\$1.1537	\$0.9092

FURTHER ORDERED, that KeySpan may, without further Commission action, adjust the COG rates upward or downward monthly based on KeySpan's calculation of the projected over or under collection for the period, but the cumulative adjustments shall not exceed twenty percent (20%) of the approved unit COG, *i.e.*, the minimum and maximum rates as set above; and it is

FURTHER ORDERED, that KeySpan shall provide the Commission with its monthly calculation of the projected over or under calculation, along with the resulting revised COG rates for the subsequent month, not less than five (5) business days prior to the first day of the subsequent month. KeySpan shall include a revised tariff page 84 - Calculation of Firm Sales Cost of Gas Rate and revised rate schedules if KeySpan elects to adjust the COG rates; and it is

FURTHER ORDERED, that the over or under collection shall accrue interest at the Prime Rate reported in the *Wall Street Journal*, 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 KeySpan's proposed 2004/2005 Local Distribution Adjustment Clause per therm rates for the period November 1, 2004 through October 31, 2005, are APPROVED effective for service rendered on or after November 1, 2004 as follows:

	Demand Side Management	Environmental Remediation	Energy Efficiency	LDAC
Residential Heating	\$0.0004	\$0.0099	\$0.0094	0.0197
Residential Non-heating	\$0.0000	\$0.0099	\$0.0094	0.0193
Commercial & Industrial	\$0.0000	\$0.0099	\$0.0089	0.0188

FURTHER ORDERED, that KeySpan's proposed firm transportation winter COG rate of \$0.0042 per therm for the period November 1, 2004 through April 30, 2005, is APPROVED; and it is

FURTHER ORDERED, that KeySpan's proposed transportation Supplier Balancing Charge of \$0.15 per MMBtu of Daily Imbalance Volumes, is APPROVED; and it is

FURTHER ORDERED, that KeySpan's proposed transportation Peaking Service Demand Charge of \$18.28 per MMBtu of Peak MDQ, is APPROVED; and it is

FURTHER ORDERED, that KeySpan's proposed transportation capacity allocators as filed in Proposed Fourth Revised Page 155, Superseding Third Revised Page 155, are APPROVED; and it is

FURTHER ORDERED, that KeySpan shall 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; and it is

FURTHER ORDERED, that a docket be opened no later than May 1, 2005, to consider whether a low income customer bill assistance program for natural gas customers should be established; and it is

FURTHER ORDERED, that KeySpan's six motions for protective order and confidential treatment are GRANTED. The determination as to confidential treatment made herein is subject to the ongoing authority of the Commission, on its own motion or on the motion of Staff, any party or any other member of the public, to reconsider this Order in light of RSA 91-A, should circumstances so warrant.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of October, 2004.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Attested by:

Michelle A. Caraway
Assistant Executive Director