

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 07-129

**ENERGYNORTH NATURAL GAS, INC. D/B/A
NATIONAL GRID NH**

Revised 2008 Summer Season Cost of Gas

Order Approving Revised Cost of Gas Rates

ORDER NO. 24,881

July 31, 2008

APPEARANCES: Steven V. Camerino, Esq., of McLane, Graf, Raulerson, and Middleton, on behalf of EnergyNorth Natural Gas, Inc. d/b/a National Grid NH; Rorie Hollenberg, Esq., of the Office of the Consumer Advocate, 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 June 13, 2008, EnergyNorth Natural Gas, Inc. d/b/a National Grid NH (EnergyNorth), 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 a revised Cost of Gas (COG) for the remainder of the 2008 summer period, August 1, 2008 through October 31, 2008. The filing was accompanied by supporting attachments and the direct testimony of Ann E. Leary, Manager of Pricing – New England. On June 16, 2008, EnergyNorth filed a motion for confidential treatment of two schedules included in its filing. A supplemental order of notice was issued on June 17, 2008 and a hearing on the revised COG was held on July 15 as scheduled.

II. POSITIONS OF THE PARTIES AND STAFF

A. EnergyNorth

EnergyNorth testified that the mid-course increase was necessary because the Company was experiencing rapid increases in gas commodity costs resulting from increases in NYMEX pricing, the basis of the cost of most of the Company's gas supplies. In July the Company increased its initially approved COG rate to the maximum allowed by Order No. 24,849 (April 23, 2008) in the plus-or-minus 20 percent adjustment bandwidth. The proposed revised COG rate would reset the plus-or-minus adjustment bandwidth and give the Company additional flexibility to avoid a potentially large under-collection for the period.

EnergyNorth's filing proposes a revised 2008 summer season residential COG rate of \$1.4628 per therm. The proposed revised commercial and industrial (C&I) low winter use (LW) and high winter use (HW) COG rates are as follows: \$1.4624 per therm for the LW COG rate and \$1.4633 per therm for the HW COG.

EnergyNorth testified that these proposed revised rates are approximately 28 cents, or 23 percent, higher than the rates initially approved for the summer period, but only about 4 cents higher than the July 2008 rates. The proposed revised residential rate will result in a bill impact for a typical residential customer using 312 therms of about \$88 for the entire summer period. This represents about a 17 percent increase over the initially approved rates.

EnergyNorth requested confidential treatment of certain demand and commodity cost information contained on pages 3 and 4 of a schedule entitled "Projected Over or Under Collection" and for certain information related to hedging costs contained in Schedule 7. The Company asserted that this information constitutes trade secrets and should be protected as confidential commercial information. The Company further stated that it does not disclose this

information to anyone outside of its corporate affiliates and their representatives. According to EnergyNorth, release of this information would likely result in competitive disadvantage for the Company in the form of less advantageous or more expensive gas supply contracts since gas suppliers possessing the information would be aware of EnergyNorth's expectations regarding gas supply costs and other contract terms and would be unlikely to propose to supply such goods and services on terms significantly more advantageous to EnergyNorth, which could ultimately result in higher prices to customers.

B. OCA

OCA stated that it did not oppose implementation of the proposed revised summer COG rates requested by the Company. OCA also expressed appreciation for the Company's willingness to discuss in this hearing and in the future any approaches that can be taken to help customers deal with such rate increases.

C. Staff

Staff recommended approval of the proposed revised 2008 summer season COG rates, noting that the economy is experiencing a period in which all energy costs are climbing much faster than forecast. Approving the increase would help to avoid a potential under-collection of gas costs, which can lead to intergenerational inequities and carrying costs on unrecovered balances, according to Staff.

III. COMMISSION ANALYSIS

Based on our review of the record in this docket, and for the reasons stated by Staff in its recommendation, we approve the proposed revised 2008 summer season COG rates as just and reasonable rates pursuant to RSA 378:7.

Using updated actual and projected gas costs for the period, EnergyNorth's proposed revised COG rates were slightly higher than the 20 percent maximum adjustment limit above the initially approved rates for the summer period. In its COG orders, the Commission typically sets a plus-or-minus 20 percent bandwidth permitting the Company to make monthly adjustments to the initially approved rates in order to reduce projected over- or under-recovery of gas costs for the period. With the increases in the NYMEX prices, the Company's gas costs have increased to a point where revising the rates now and resetting the bandwidth for the remainder of the summer season is a preferable alternative to creating a large under-collection to be paid off, with interest, next summer.

Regarding EnergyNorth's motion for confidential treatment, the 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. In most cases, a balancing test is used to determine whether confidential treatment should be granted. *See e.g., Union Leader Corp. v. New Hampshire Housing Fin. Auth.*, 142 N.H. 540 (1997).

We note that no parties have objected to the motion and that the information for which confidential, protective treatment is sought is the same or similar to information for which the Commission has granted such treatment in the past. *See, e.g., EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy Delivery New England*, Order No. 24,849 (April 23, 2008). In balancing the interests for and against public disclosure of the information for which confidential treatment is sought, we conclude that the interests of EnergyNorth and ultimately its ratepayers in non-disclosure outweigh the public's interest in obtaining access to the information. We therefore grant the motion. Consistent with N.H. Code Admin. Rules Puc 203.08(k), the granting of this

motion will be subject to the on-going authority of the Commission, on its own motion or on the motion of Staff, any party or any member of the public, to reconsider the determination.

Based upon the foregoing, it is hereby

ORDERED, that EnergyNorth's proposed revised 2008 summer season COG rates for the period August 1, 2008 through October 31, 2008 are APPROVED as set forth in this Order, effective for service rendered on or after August 1, 2008, as follows:

	Cost of Gas	Minimum COG	Maximum COG
Residential	\$1.4628	\$1.1702	\$1.7554
C&I, Low Winter Use	\$1.4624	\$1.1700	\$1.7549
C&I, High Winter Use	\$1.4633	\$1.1706	\$1.7560

FURTHER ORDERED, that EnergyNorth may, without further Commission action, adjust the approved COG rates upward or downward monthly based on EnergyNorth's calculation of the projected over- or under-collection for the period, but the cumulative adjustments shall not vary more than 20 percent from the approved unit cost of gas; and it is

FURTHER ORDERED, that EnergyNorth provide the Commission with its monthly calculation of the projected over- or under-collection, along with the resulting revised COG rate for the subsequent month, not less than five business days prior to the first day of the subsequent month. EnergyNorth shall include a revised tariff page 84 - Calculation of Cost of Gas Adjustment for firm sales and revised firm rate schedules under separate cover letter if

EnergyNorth elects to adjust the COG rate, with revised tariff pages to be filed as required by N.H. Code Admin. Rules Puc 1603; and it is

FURTHER ORDERED, that the over- or under-collection shall accrue interest at the monthly prime lending rate as reported by the Federal Reserve Statistical Release of Selected Interest Rates; and it is

FURTHER ORDERED, that the pending motion for confidential treatment is GRANTED as set forth in this Order; and it is

FURTHER ORDERED, that EnergyNorth 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. Code Admin. Rules Puc 1603.

By order of the Public Utilities Commission of New Hampshire this thirty-first day of July 2008.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary