

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

April 14, 2010 - 1:35 p.m.
Concord, New Hampshire

NHPUC APR20'10 PM 2:30

RE: DG 10-048
NEW HAMPSHIRE GAS CORPORATION:
Summer 2010 Cost of Gas Adjustment.

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Clifton C. Below
Commissioner Amy L. Ignatius

Sandy Deno, Clerk

APPEARANCES: Reptg. New Hampshire Gas Corporation:
Meabh Purcell, Esq. (Dewey & LeBouef)

Reptg. PUC Staff:
Matthew J. Fossum, Esq., Esq.
Stephen P. Frink, Asst. Dir. - Water/Gas Div.
Robert J. Wyatt, Water & Gas Division

Court Reporter: Steven E. Patnaude, LCR No. 52

ORIGINAL

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I N D E X

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PAGE NO.

4

WITNESS: JENNIFER M. BOUCHER

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Direct examination by Ms. Purcell

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Cross-examination by Mr. Fossum

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Interrogatories by Cmsr. Ignatius

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E X H I B I T S

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EXHIBIT NO.

D E S C R I P T I O N

PAGE NO.

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New Hampshire Gas Corporation's
 Summer 2010 Cost of Gas Adjustment
 filing, including revised tariff
 page, supporting data and pre-filed
 Direct Testimony of Jennifer M.
 Boucher (03-12-10)

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CLOSING STATEMENTS BY:

PAGE NO.

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Mr. Fossum

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Ms. Purcell

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1 P R O C E E D I N G

2 CHAIRMAN GETZ: Okay. Good afternoon.

3 We'll open the hearing in docket DG 10-048. On March 15,
4 2010, New Hampshire Gas Corporation filed revisions to its
5 tariff providing for its cost of gas rates for the period
6 May 1 through October 31, 2010. The proposed cost of gas
7 rate is \$1.6796 per therm, a 48 cent per therm increase
8 from last summer. The estimated impact of the increase on
9 a typical residential heating customer's summer gas costs
10 will be an increase of \$211, or 31 percent, compared to
11 last summer. We issued an order of notice on March 17
12 setting the hearing for this afternoon.

13 Can we take appearances please.

14 MS. PURCELL: Good afternoon,
15 Commissioners. Meabh Purcell, from Dewey & LeBoeuf, in
16 Boston, representing New Hampshire Gas Corporation.

17 CHAIRMAN GETZ: Good afternoon.

18 MR. FOSSUM: And, good afternoon.
19 Matthew Fossum, representing the Staff of the Commission,
20 and with me today are Robert Wyatt and Stephen Frink, from
21 Commission Staff.

22 CHAIRMAN GETZ: Good afternoon. Are you
23 ready to proceed?

24 MS. PURCELL: And, I have the return of
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1 service.

2 CHAIRMAN GETZ: Okay. Thank you. We'll
3 note the affidavit of publication has been provided to the
4 Clerk.

5 MS. PURCELL: I'd like to ask that
6 Ms. Boucher please take the stand.

7 (Whereupon Jennifer M. Boucher was duly
8 sworn and cautioned by the Court
9 Reporter.)

10 JENNIFER M. BOUCHER, SWORN

11 DIRECT EXAMINATION

12 BY MS. PURCELL:

13 Q. Ms. Boucher, could you state your full name and your
14 business address and title for the record.

15 A. Sure. My name is Jennifer Boucher. I work for the
16 Berkshire Gas Company. And, my business address is 115
17 Cheshire Road, Pittsfield, Massachusetts. And, my
18 title at Berkshire Gas is Manager of Regulatory
19 Economics.

20 Q. Thank you. And, Ms. Boucher, on March 12th, did you
21 submit, under cover letter of Dewey & LeBoeuf, did New
22 Hampshire Gas Corporation submit its Summer 2010 Cost
23 of Gas Adjustment filing?

24 A. Yes.

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1 Q. And, I'd just like to show you and ask if you could
2 confirm if that's a copy of the filing?

3 A. Yes, that is.

4 MS. PURCELL: Okay. I'd like this to be
5 marked as New Hampshire Gas Corporation Exhibit 1.

6 CHAIRMAN GETZ: So marked.

7 MS. PURCELL: Its March 12 filing.
8 (The document, as described, was
9 herewith marked as Exhibit 1 for
10 identification.)

11 MS. PURCELL: Thank you.

12 BY MS. PURCELL:

13 Q. And, Ms. Boucher, did you file any revisions to the
14 filing this year?

15 A. No. I haven't made any revisions since the initial
16 filing in March. I did recalculate the summer cost of
17 gas using more current NYMEX prices, but the changes
18 weren't great enough to warrant a revision to the
19 filing.

20 Q. Thank you. And, Ms. Boucher, do you have any
21 corrections to the initial March 12th filing that you'd
22 like to make?

23 A. I do have a couple of corrections, a couple of minor
24 corrections. On Exhibit 1, Attachment C, it's about

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1 five pages into the filing, a little lower on the page
2 there's a calculation of interest. It's shown as a
3 credit of "\$514". And, there was a rounding error,
4 that should be "\$513". And, that number does carry to
5 the 42nd Revised Page 25 of Exhibit 1, the calculation
6 of the COG. So, that correction flows there.

7 My other correction is in my prefiled
8 testimony, on Page 4. I inadvertently referenced an
9 "overcollection", rather than an "undercollection".

10 Q. Maybe you could be more specific about that second
11 correction, just to let people -- it's Page 4. Is
12 there a particular line number?

13 A. Line 1 of Page 4, I'm sorry. It references an
14 "overcollection", instead of an "undercollection" from
15 the prior period.

16 Q. Thank you. And, Ms. Boucher, was the filing marked as
17 Exhibit 1 prepared by you or under your direction and
18 supervision?

19 A. Yes, it was.

20 Q. Thank you. And, Ms. Boucher, could you take us through
21 and point to where in the filing we'll find the
22 proposed CGA rates and state what that is?

23 A. Sure. It is labeled "42nd Revised Page 25". Lower on
24 the page, it states that the cost of gas rate is

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1 "\$1.6796 per therm".

2 Q. Thank you. And, how does the rate this summer compare
3 to last summer's CGA rate?

4 A. The proposed cost of gas rate is approximately 48 cents
5 per therm higher than the 2009 weighted average summer
6 cost of gas, which was about \$1.20 per therm.

7 Q. And, Ms. Boucher, where in the filing have you prepared
8 an analysis of the impact of the new rate on customer
9 bills?

10 A. In Exhibit 1, there is a page -- there are a couple of
11 pages, one labeled "Supplemental Schedule A", the other
12 "Supplemental Schedule B". On that page, in the lower
13 right-hand corner of Supplemental Schedule B, it
14 displays the comparison to the previous summer.

15 MS. PURCELL: Okay. I have nothing
16 further for Ms. Boucher. She's available for questioning.

17 CHAIRMAN GETZ: Thank you. Mr. Fossum.

18 MR. FOSSUM: Thank you. Good afternoon.

19 WITNESS BOUCHER: Hello.

20 CROSS-EXAMINATION

21 BY MR. FOSSUM:

22 Q. Beginning in your actual written testimony, on Page 3,
23 at Line 9, you reference "forecasted firm sales of
24 291,257 therms". And, for comparison, in your -- and I

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1 believe this is Attachment D, there's a forecasted
2 sales of -- or, I'm sorry, there's the sales from last
3 summer of "287,789 therms". So, it appears that the
4 forecast for 2010 is somewhat higher than for 2009.
5 So, does the Company anticipate some load growth
6 opportunities this summer that may be reflected in an
7 upcoming filing?

8 A. I think there's very minimal load growth that we would
9 expect. I would attribute the increase in the sales
10 forecast to the weather normalization of the prior
11 period sales.

12 Q. Thank you. A little farther down on Page 3 of your
13 testimony, at Line 25, you reference unaccounted-for
14 volumes amounting to "3.48 percent". In reference to
15 the unaccounted volumes, the Company has been
16 attempting, I know, to connect a turbine meter at its
17 propane plant. Has the Company been able to do so?

18 A. The Company has not installed the propane -- the meter,
19 I can't exactly remember the term for the meter, the
20 turbine meter. But it's in the process of it, and it
21 has encountered some piping issues that need to be
22 resolved before the meter is installed. But that is
23 planned to be installed this summer.

24 Q. Okay. And, would the Company then be providing the

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1 Commission with an update on how that installation went
2 with the winter filing?

3 A. Yes.

4 Q. Turning the page over to Page 4 of your testimony, you
5 state that the increase -- a customer increase of
6 "\$211" compared to last summer's bill. Aside from
7 increases in propane futures, have the Company's
8 delivery rates increased since last year?

9 A. Yes. With the approval of the Company's last rate
10 proceeding, that was approved to be effect
11 November 1st, 2009, there was an increase in the
12 Company's delivery rates that are in effect this
13 summer. And, there is also a rate case surcharge that
14 will be collected this summer that was not in effect
15 last summer.

16 Q. And, would the -- the Supplemental Schedule B that you
17 referenced earlier, would that have a representation
18 for residential customers of the impacts of the
19 delivery rate and surcharge that you mentioned?

20 A. Yes. On Supplemental Schedule B, in the lower
21 right-hand, there is a calculation for the change in
22 delivery rates, and that is approximately a 7 percent
23 increase attributable to delivery rates. I don't see a
24 calculation for the deferred revenue for the rate case

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1 surcharge. It would be less than the 7 percent,
2 though.

3 Q. Going from pages -- the bottom of Page 5 and up to
4 Page 6 of your testimony, you state that the Company
5 has "completed its final rate reconciliation and...
6 expense related billing", and that the "total rate case
7 expenses to be recovered [are] \$81,149." Has a final
8 report on those calculations from the rate case been
9 submitted as part of that rate case docket yet?

10 A. No. The final reconciliation has not yet been filed,
11 but will be filed before October 15th, 2010, pursuant
12 to the rate order.

13 Q. Has, at least to this point, has any of the
14 documentation not on file been at least provided to
15 Staff for review?

16 A. I don't believe that any of the invoices as of yet have
17 been provided to Staff for review.

18 Q. Okay. Thank you. Lastly, in relation to the Company's
19 Propane Purchasing Stabilization Plan that you talk
20 about on Page 7 of your testimony, you state that the
21 Company had issued an RFP for supplies. How many --
22 yes, on Page 7, you reference the "RFP to potential
23 suppliers". How many potential suppliers did the
24 Company issue the RFP to?

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- 1 A. To five different suppliers.
- 2 Q. And, has the Company received any responses?
- 3 A. The Company received three responses to its RFP.
- 4 Q. And, of those responses, has the Company selected a
- 5 supplier yet?
- 6 A. Yes. The Company has selected a supplier.
- 7 Q. And, so, so far as the Company's projected winter
- 8 supply, how much of that would be hedged through the
- 9 Purchasing Stabilization Plan prior to November 1st?
- 10 A. Approximately 65 percent of the Company's winter
- 11 2010-2011 demand would be purchased through the
- 12 Stabilization Program.
- 13 MR. FOSSUM: I have nothing further.
- 14 CHAIRMAN GETZ: Thank you. Questions?
- 15 CMSR. IGNATIUS: I do. Just a couple of
- 16 questions, Ms. Boucher.
- 17 BY CMSR. IGNATIUS:
- 18 Q. On Page 3 of your testimony, is this another point
- 19 where it should have been an "undercollection", if you
- 20 look at Line 29?
- 21 A. Yes, you're exactly right.
- 22 Q. All right. So, it's an undercollection in the prior
- 23 period and -- in both of those instances?
- 24 A. Yes.

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1 Q. In the unaccounted-for gas calculations, you stated
2 that it's 3.48 percent on the most recent report. How
3 does that compare to other measurements you've taken of
4 that? Up? Down? Staying stable at the same level?

5 A. The 3.48 percent is relatively stable as compared to
6 the last one to two years. But, probably, about five
7 to six years ago, it was in the 7 percent range. So,
8 the Company has put into effect several measures to try
9 to bring that to a more reasonable level.

10 Q. And, is that, in the industry, is there a norm on what
11 the expected level that's generally considered
12 acceptable for unaccounted-for gas?

13 A. I think my understanding is that a typical
14 unaccounted-for level is in the 3 percent range. And,
15 that's for natural gas. I'm not exactly sure of a
16 propane/air system.

17 Q. All right. Thank you. One other question. On the
18 rate case surcharge, you had said that the final number
19 would be submitted in October of 2010, is that right?

20 A. By October 15th, 2010, there will be a reconciliation
21 of all of the revenues collected via the surcharge, in
22 comparison to the costs recovered via the surcharge,
23 along with the invoices to support the costs.

24 Q. So, I may have misunderstood. You weren't saying that

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1 the actual rate case amount to be collected will be
2 coming in in October, that will be a final accounting,
3 to make sure that it has been collected in full?

4 A. Exactly right.

5 Q. Has the amount to be collected already been submitted
6 and reviewed by Commission Staff?

7 A. In the Winter 2009-2010 cost of gas docket, I think
8 that was done simultaneously with the rate case
9 proceeding, we provided to you an estimate of the
10 charges. I think the estimates had actual costs
11 through September, and then estimates for the remainder
12 of the period. In this Summer COG surcharge
13 calculation, we have the remainder of the costs and our
14 estimates of the surcharge to be collected or the
15 revenues to be collected through April 30th, and that's
16 how we set the rate for the May through October period.

17 Q. All right. So, the collection is -- you're estimating
18 when you'll reach the full level of collection of those
19 numbers, because it's based on forecasts, I understand
20 that. But the actual number to be collected, the
21 amount of rate case expenses to which the Company's
22 entitled, has that been fully resolved or is that still
23 an open question?

24 A. I don't believe that those, the invoices have been

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1 provided to Staff yet, but that will be provided.

2 Q. I don't know if the prior order gave a date for that to
3 happen, obviously, the sooner than later, and not -- if
4 it's going into rates now, in the form of a surcharge,
5 even though it's subject to reconciliation, I think the
6 goal would be as soon as possible to get hard numbers
7 and have time for people to scrutinize those --

8 A. Sure.

9 Q. -- and have a final determination on what the amount to
10 be collected is?

11 A. Sure.

12 CMSR. IGNATIUS: Thank you.

13 CHAIRMAN GETZ: Any redirect,

14 Ms. Purcell?

15 MS. PURCELL: No. Thank you. Anything
16 further, Mr. Fossum?

17 (No verbal response)

18 CHAIRMAN GETZ: Hearing nothing, then
19 you're excused. Thank you. Is there any objection to
20 striking the identification and admitting the exhibit into
21 evidence?

22 (No verbal response)

23 CHAIRMAN GETZ: Hearing no objection, it
24 will be admitted into evidence. Anything to address

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1 before opportunities for closings?

2 (No verbal response)

3 CHAIRMAN GETZ: Hearing nothing, then,
4 Mr. Fossum.

5 MR. FOSSUM: Thank you. Staff
6 recommends approval of the Company's proposed 2010 Summer
7 Period Cost of Gas rate. Commission's Audit Staff has
8 reviewed last summer's reconciliation and has not found
9 any exceptions. The sales forecast and supply planning
10 appear consistent with recent COG forecasts. And, actual
11 2010 summer costs will be reconciled prior to the 2011
12 Summer, and any concerns that may arise can be addressed
13 at that time.

14 Staff does note that the Company has
15 made its good efforts in reducing its unaccounted-for gas
16 volumes over recent years and continues to show favorable
17 results.

18 Staff has reviewed some of the temporary
19 rate reconciliation and rate case expense summary
20 schedules, to the extent that they have been provided.
21 The schedules so far appear to be accurate, but the final
22 supporting rate case expense documentation, as the
23 Commission has noted, has not been filed yet. The rate
24 case expense surcharge will be subject to a final

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1 reconciliation, and Staff expects that the supporting
2 documentation will have been filed and reviewed prior to
3 that time. And, that any issues that may arise will be
4 addressed by the Commission prior to or at the winter cost
5 of gas. Therefore, Staff would recommend approval of the
6 revised rate case expense surcharge designed to recover
7 the reported expenses within the approved surcharge period
8 of one year. Thank you.

9 CHAIRMAN GETZ: Thank you. Ms. Purcell.

10 MS. PURCELL: Thank you. New Hampshire
11 Gas Corporation respectfully requests approval of its
12 March 12th Summer CGA filing for 2010. And, the Company
13 appreciates the efforts of Staff during this proceeding.
14 And, we look forward to working with Staff on its review
15 of the rate case surcharge reconciliation filing, so that
16 that goes smoothly next fall. Thank you.

17 CHAIRMAN GETZ: All right. Thank you.
18 Then, we will close the hearing and take the matter under
19 advisement.

20 (Whereupon the hearing ended at 1:56
21 p.m.)

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