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ORIGINAL
N.H. P.U.C. Case No. DR-06-105
Exhibit No. 5
Witness Panel

Page 1

Re EnergyNorth Natural Gas, Inc.
DR 95-189
Order No. 22,116

New Hampshire Public Utilities Commission
April 22, 1996

*306 ORDER neither approving nor disapproving a natural gas local distribution company's 1995 least-cost integrated resource plan (LCIP), but instead, by stipulation, closing the instant LCIP proceeding on the condition that the company's next LCIP filing meet seven specific criteria.

P.U.R. Headnote and Classification

1.

EXPENSES

s126

NH.P.U.C. 1996

[N.H.] Gas utility -- Commodity or supply costs -- Least-cost integrated resource plans (LCIPs) -- Criteria for future filings -- Plans modeled on electric LCIPs -- Evaluations of both demand- and supply-side resources -- Improvements in forecasting analyses -- Local distribution company.

Re EnergyNorth Natural Gas, Inc.

P.U.R. Headnote and Classification

2.

GAS

s7

NH.P.U.C. 1996

[N.H.] Operating practices -- Least-cost integrated resource plans (LCIPs) -- Conditions for future submissions -- Incorporation of electric LCIP models -- Analysis of both demand- and supply-side resources -- Improvements in forecasting techniques -- Local distribution company.

Re EnergyNorth Natural Gas, Inc.

APPEARANCES: McLane, Graf, Raulerson and Middleton by Steven V. Camerino, Esq. for EnergyNorth Natural Gas, Inc.; Eugene F. Sullivan, III, Esq. for the Staff of the New Hampshire Public Utilities Commission.

BY THE COMMISSION:

ORDER

I. PROCEDURAL HISTORY

On June 30, 1995 EnergyNorth Natural Gas, Inc. (ENGI) filed its 1995 Least Cost Integrated Resource Plan (LCIP) with the New Hampshire Public Utilities Commission (Commission). By Order of Notice, the Commission scheduled a prehearing conference for October 24, 1995 to identify intervenors, set a schedule for the Commission's investigation and outline initial positions of the Parties and Staff. Though a statutorily authorized intervenor, the Office of Consumer Advocate did not participate in the docket. There were no other intervenors.

The Commission granted two requests for confidential treatment regarding ENGI's 1995 Avoided Cost Study and certain discovery materials related to gas supply contracts. See Order Nos. 21,762 (July 20, 1995) and 21,921 (November 28, 1995).

Commission Staff (Staff) filed the joint testimony of George R. McCluskey and Kenneth E. Yasuda, Sr. on November 29, 1995. ENGI, on January 18, 1996 filed Rebuttal Testimony of Donald E. Carroll.

On December 11, 1995, Staff filed a Motion to Separate Proceedings, noting that ENGI had included conservation and load management (C&LM) programs as part of its LCIP. Staff asked the Commission to create a new docket involving ENGI's C&LM programs and not consider them further in this docket except to the extent they related to ENGI's planning process and determination of least cost options. ENGI concurred in the motion.

As a result of settlement discussions, on March 1, 1996 ENGI and Staff filed a Stipulation and Agreement (Stipulation) resolving all issues. The Commission heard testimony in support of the Stipulation on March 5, 1996. The Stipulation recommended that the Commission neither approve nor reject ENGI's 1995 LCIP but instead close the docket on the condition that ENGI comply with a number of agreements, as set forth in the Stipulation.

II. POSITIONS OF ENGI AND STAFF AND TERMS OF STIPULATION

*307 A. ENGI

Prior to the July filing, ENGI had been proceeding under a Letter Agreement to establish a least cost planning process, which was approved by the Commission in Order No. 20,706 (December 21, 1992) in Docket DE 92-044.

As part of its plan, ENGI stated that it did not seek approval of any particular option but instead, sought a Commission finding that ENGI's planning process was sound and was likely to result in the selection of best cost options, based upon information available at the time the resources are selected.

B. Staff

Staff's testimony recommended that gas utilities follow the LCIP filing and evaluation requirements used for electric utilities, with some modification to shorten the planning horizon to 10 years and replace the transmission report with a report on large distribution-related projects.

Staff questioned the accuracy of ENGI's demand forecast, and argued there should be a more systematic evaluation of alternative supply side resources, a greater emphasis on demand side resource assessments and less reliance on supply side resources.

C. Stipulation

[1, 2] The Stipulation recommends that the Commission neither approve nor reject ENGI's 1995 LCIP. Rather, the Commission should close ENGI's LCIP docket on the condition that ENGI's 1997 and subsequent LCIPs meet agreements in seven areas, which are more fully detailed in the Stipulation. The seven areas are:

- 1) planning guidelines that closely follow those for electric utilities (specifying, among other things, a 10 year planning horizon, report on distribution-related gas projects rather than transmission, report on long term avoided supply costs which will form the basis of economic evaluation of demand side resources, all of which are subject to modification if there are changes in the natural gas industry);
- 2) planning criteria, delineating the criteria used in the 1997 plan, including among other things, a detailed description of the planning criteria used;
- 3) natural gas demand forecast (including the use of a longer historical period and an agreement to reexamine the specification of its forecast models if ENGI's price variables are not statistically significant);
- 4) supply side resources (including a chart displaying volumes and start and end dates for existing supply contracts, a description of each new supply side resource analyzed, analysis of the benefits and detriments of using futures and options contracts as gas management tools, description of ENGI's supply procurement strategies and its view of the proper balance of short and long term resources in its supply mix);
- 5) demand side resources (evaluation of demand side and supply side resources on an equivalent basis, definition of what ENGI considers the optimal level of demand side resources and analysis if ENGI concludes that less than the optimal amount of demand side resources would be in the public interest);
- 6) integration of supply side and demand side resources (which would be submitted for the purpose of assessing ENGI's resource planning process and which would identify those existing and uncommitted resources planned to meet forecasted demand, year by year, for the 10 year horizon); and
- 7) uncertainty over forecasts (by submitting high and low demand growth scenarios

and addressing the impacts of a large shift of gas sales to transportation services).

III. COMMISSION ANALYSIS

Having reviewed the testimony and Stipulation, we are persuaded that the Stipulation is *308 in the public interest and will approve it as filed. We recognize that integrated resource planning for gas utilities is in the early stages and that there will necessarily be a period in which gas utilities become familiar with our filing and review requirements and more importantly, with the analysis of demand side and supply side resources and forecasts of demand.

We will adopt the recommendations in the seven areas delineated in the Stipulation. As a result, we expect that the 1997 LCIP filing will provide a more detailed forecasting and analysis as required in a complete LCIP.

We note in reviewing this docket that Staff's Motion to Separate Proceedings has never received a ruling. We will grant the motion, and before closing this docket, transfer to a new docket all C&LM program materials. We instruct Staff, in consultation with ENGI, to ascertain which portions of this docket should be transferred to the new docket.

Based upon the foregoing, it is hereby

ORDERED, that the Stipulation and Agreement entered into between ENGI and Staff is APPROVED; and it is

FURTHER ORDERED, that Staff in consultation with ENGI shall transfer the appropriate C&LM materials to a new docket on ENGI's C&LM programs; and it is

FURTHER ORDERED, that ENGI's 1995 LCIP will be closed in accordance with the terms of the Stipulation and this Order.

By order of the Public Utilities Commission of New Hampshire this twenty-second day of April, 1996.

EDITOR'S APPENDIX

Citations in Text

[N.H.] Re EnergyNorth Natural Gas, Inc., DE 92-044, Order No. 20,706, 77 NH PUC 802, Dec. 21, 1992.

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