

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

October 23, 2012 - 1:37 p.m.
Concord, New Hampshire

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RE: DG 12-284
NEW HAMPSHIRE GAS CORPORATION:
Winter 2012-2013 Cost of Gas.

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Robert R. Scott
Commissioner Michael D. Harrington

Sandy Deno, Clerk

APPEARANCES: Reptg. New Hampshire Gas Corporation:
Meabh Purcell, Esq. (Holland & Knight)

Reptg. PUC Staff:
Edward N. Damon, Esq.
Stephen Frink, Asst. Dir./Gas & Water Div.
Robert Wyatt, Gas & Water Division

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

ORIGINAL

P R O C E E D I N G

CHAIRMAN IGNATIUS: I'd like to open the hearing in Docket DG 12-284, which is New Hampshire Gas Corporation's 2012-2013 Winter Period Cost of Gas Adjustment. On September 24th, 2012, New Hampshire Gas Corporation, which serves customers in Keene, New Hampshire, filed revisions to its tariff, providing for cost of gas rates for the winter period November 1, 2012 through April 30, 2013. The proposed rates are a decrease from the weighted average cost of gas rate for last winter's period. New Hampshire Gas also filed its Fixed Price Option Program. And, it seeks also a deferred revenue surcharge for all customers for the November 1, 2012 through October 31, 2013 period. The cumulative effect of all of these adjustments, if approved, would be a reduction of approximately \$514, or 17 percent, from last winter's period. And, all of this the Company seeks to have implemented on a bills rendered basis.

So, let's begin with appearances please.

MS. PURCELL: Good afternoon, Commissioners. My name is Meabh Purcell, with Holland & Knight, in Boston, representing the New Hampshire Gas Corporation.

CHAIRMAN IGNATIUS: Good afternoon.

1 MR. DAMON: Good afternoon,
2 Commissioners. Edward Damon, for the Staff. And, with me
3 this afternoon are Robert Wyatt and Steve Frink.

4 CHAIRMAN IGNATIUS: Good afternoon. I
5 notice an affidavit of publication has been submitted.
6 Thank you. Are there any other administrative matters to
7 take up, before we begin with testimony?

8 (No verbal response)

9 CHAIRMAN IGNATIUS: I see that a Motion
10 for Protective Order was filed by the Company. And, has
11 Staff had a chance to review the motion?

12 MS. PURCELL: Actually, madam Chairman,
13 I filed two motions. But, then, yesterday, I filed a
14 letter essentially withdrawing the motion, and going onto
15 the more streamlined procedure, and apologizing for my
16 error. So, --

17 CHAIRMAN IGNATIUS: No problem. And,
18 we're still getting accustomed to the new rules. I was
19 wondering about that, if it fit within the standard terms
20 for certain --

21 MS. PURCELL: I believe it does.

22 CHAIRMAN IGNATIUS: Okay. And, your
23 letter hasn't made it to our file.

24 MS. PURCELL: Okay. Okay.

[WITNESS: Maloney]

1 CHAIRMAN IGNATIUS: So, it's hard to
2 tell. Unless there's any reason to think, on Staff's
3 part, that it doesn't meet the criteria for the automatic
4 protection standards in the new rules, we can not -- we
5 don't have to take up that motion?

6 (No verbal response)

7 CHAIRMAN IGNATIUS: All right. Then,
8 why don't we begin with testimony.

9 MS. PURCELL: Thank you. I'd like to
10 ask Mr. Maloney to take the stand.

11 (Whereupon **Brian Maloney** was duly sworn
12 by the Court Reporter.)

13 **BRIAN MALONEY, SWORN**

14 **DIRECT EXAMINATION**

15 BY MS. PURCELL:

16 Q. Good afternoon, Mr. Maloney. Could you please state
17 your full name, your position, and your business
18 address for the record.

19 A. I am Brian Maloney, Lead Analyst for Rochester Gas &
20 Electric Corporation. RG&E provides affiliate services
21 to New Hampshire Gas Corporation.

22 Q. Thank you. And, I'm showing you a copy of a filing
23 under cover letter of Holland & Knight, dated
24 September 21st. Could you identify this document

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[WITNESS: Maloney]

1 please.

2 A. That's the NHG filing for the winter cost of gas rate
3 for the period October 2012 through April 2013.

4 MS. PURCELL: Thank you. I'd like this
5 to be marked for identification purposes as New Hampshire
6 Gas Exhibit Number 1.

7 CHAIRMAN IGNATIUS: So marked.

8 (The document, as described, was
9 herewith marked as **Exhibit 1** for
10 identification.)

11 CHAIRMAN IGNATIUS: Does that include
12 the schedules or is that a separate document?

13 MS. PURCELL: It includes the schedules,
14 yes. Testimony and schedules.

15 CHAIRMAN IGNATIUS: That's fine.

16 BY MS. PURCELL:

17 Q. Mr. Maloney, was the filing, consisting of the
18 testimony and schedules, prepared by you or under your
19 direction and supervision?

20 A. Yes, they were.

21 Q. And, could you just quickly point to where in the
22 filing is the Company's proposed CGA rate?

23 A. The proposed rates can be seen on the tariff page,
24 \$1.5017 for the Non-FPO rate, and \$1.5217 for the FPO

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[WITNESS: Maloney]

1 rate.

2 Q. And, could you point to where the impact of the
3 proposed rates on a typical customer bill would appear?

4 A. That information is contained in Schedules K and L.

5 Q. Okay.

6 A. The schedules show bill decreases of 17 to 19 percent.

7 MS. PURCELL: Okay. Thank you. I don't
8 think I have anything further for Mr. Maloney.

9 CHAIRMAN IGNATIUS: Thank you.

10 Mr. Damon.

11 MR. DAMON: Thank you. I don't know if
12 this microphone is on? The light is on.

13 CHAIRMAN IGNATIUS: The mike is on.

14 **CROSS-EXAMINATION**

15 BY MR. DAMON:

16 Q. Mr. Maloney, how does the proposed cost of gas rate
17 compare to last year's seasonal average rate?

18 A. This year's proposed Non-FPO cost of gas rate of 1.5017
19 per therm is 62 cents lower than last year's average
20 rate of 2.1253.

21 Q. And, approximately what percentage of the gas supplies
22 in this forecast are hedged, pre-purchased, or
23 otherwise tied to a predetermined fixed price?

24 A. Approximately 65 percent of the forecasted winter

[WITNESS: Maloney]

1 supply is pre-purchased at a fixed rate under our PS --
2 PPSP hedging program.

3 (Court reporter interruption.)

4 BY THE WITNESS:

5 A. Propane Purchasing Stabilization Program.

6 BY MR. DAMON:

7 Q. And, that's a program that's further described in your
8 testimony, I believe?

9 A. Yes.

10 Q. Has the Company experienced any load growth over the
11 past year?

12 A. We've recently connected a shopping center, an existing
13 shopping center, and a newly built college housing
14 facility. Those are the only two noteworthy additions
15 to the system over the past year.

16 Q. Do you have any idea, in percentage terms, how much
17 sales growth that might represent?

18 A. It could represent just slightly less than 5 percent.

19 Q. And, on the other hand, has the Company been able to
20 retain its existing customer base?

21 A. The Company's been generally successful in maintaining
22 the existing customer base. There's been a few
23 commercial customers over the last couple of years that
24 had space available for storage tanks on their property

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[WITNESS: Maloney]

1 and have left the system. But, for the most part, the
2 customer base has been quite stable.

3 Q. So, overall, between the decreases in the customer base
4 and the load growth, where is the Company today, in
5 relation to where it was last year, in approximate
6 terms?

7 A. In approximate terms, we're at a neutral position.

8 Q. And, in the coming year, does the Company anticipate
9 any new growth opportunities?

10 A. No. There's nothing known at this point. Just the
11 shopping center and the college housing facility are
12 right now ramping up their usage with the winter
13 approaching. And, so, we'll see some additional usage
14 there.

15 Q. Okay. And, could you briefly summarize the Company's
16 calculation of the deferred revenue surcharge?

17 A. The deferred revenue surcharge is designed to collect
18 the revenue that was forgone over the first two years
19 of the 2009 rate agreement, because of a phase-in of
20 the revenue requirements. The calculation looks at
21 actual usage for those two years, and it compares the
22 revenue at actual rates to the revenues that would have
23 been collected at maximum rates. That incremental
24 amount will be collected through the deferred revenue

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1 surcharge.

2 Q. Okay. And, the deferred revenue surcharge relates to
3 distribution rates that were set a couple of years ago,
4 is that right?

5 A. That's correct.

6 Q. Is the Company in this docket requesting approval of
7 the amount of the deferred revenue surcharge or only
8 providing this information for the benefit of the
9 Commission and Staff?

10 A. I believe we're asking for approval. Although, the
11 structure was specifically laid out in a prior rate
12 agreement and discussed in an order.

13 Q. Okay. So, effectively then, I take it that the
14 Settlement Agreement terms would prevail and determine
15 whether or not approval is necessary at this time?

16 A. That's correct.

17 MS. PURCELL: I believe that's correct.
18 This was provided more for informational purposes. And,
19 the structure and the Company's ability to implement this
20 was approved in a -- approved by the Commission in part of
21 a settlement agreement in the rate case.

22 BY THE WITNESS:

23 A. And, it was specified in the order that this deferred
24 revenue surcharge should be calculated and presented in

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1 this winter's cost -- in this winter's cost of gas
2 filing.

3 BY MR. DAMON:

4 Q. Sure. For how many more years does the Company expect
5 to bill its customers for this deferred revenue?

6 A. Per the order, it's scheduled to be collected over the
7 next two years.

8 Q. Regarding the Company's FPO Program, could you provide
9 the Commission with an update on the enrollment numbers
10 to date for the upcoming winter period?

11 A. Right now, approximately 17 percent of the therm sales
12 have enrolled in the FPO Program.

13 Q. And, has the cut-off date for enrolling in the program
14 passed already?

15 A. The cut-off date was a postmark of last Friday,
16 October 19th.

17 Q. Comparing the 17 percent of therm sales enrolled in the
18 program this year, how does that compare with last
19 year?

20 A. Last year, it was approximately 18 percent.

21 Q. And, does this year's cost of gas filing have an
22 historical summary of the FPO Program?

23 A. Yes. Schedule M contains nine years of historical
24 information on the FPO Program.

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1 Q. Okay. To your knowledge, were there any unresolved
2 issues related to the Commission audit of the Company's
3 cost of gas reconciliation for -- from last winter?

4 A. We have not received a Final Audit Report yet, but
5 there's been ongoing communication, and no material
6 issues have been communicated to us.

7 Q. Okay. And, in terms of New Hampshire Gas operations,
8 have there been any changes in the Company's trucking
9 supplier, on-site storage, and gas plant arrangements
10 since last winter?

11 A. No. There's been no changes in those areas.

12 Q. And, could you summarize the change related to the
13 supplemental off-site storage for this winter period,
14 which I believe you addressed briefly at least in your
15 testimony?

16 A. Yes. This winter we've entered into an arrangement in
17 which we have a contractual right to withdraw from a
18 large storage facility about 50 miles from Keene, up to
19 50,000 gallons of propane. In previous winters, we
20 would simply purchase propane and store it in an
21 off-site location. So, we do not have title to this
22 propane, just a contractual right to withdraw from this
23 large storage facility.

24 Q. And, who is the contract with?

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1 A. It's Liberty Utilities.

2 Q. And, is Liberty Utilities the same Liberty Utilities
3 that has acquired EnergyNorth and Granite State
4 Electric Company?

5 A. Yes, it is.

6 Q. Okay. And, as I understand it, this off-site storage
7 facility is in Amherst, New Hampshire?

8 A. I believe it is. I would have to check. We recently
9 filed a response to a data request just yesterday with
10 that contract. And, I believe that may be -- yes.
11 Amherst, New Hampshire.

12 Q. Okay. So, is that data response in the mail or --

13 A. It's been emailed.

14 MS. PURCELL: It was filed by e-mail
15 yesterday. And, I apologize, Ed, it probably went to
16 Mr. Speidel.

17 MR. DAMON: Okay.

18 MS. PURCELL: And, then, the hard copy
19 of the confidential, there was one small item redacted,
20 which was just the confidential pricing, but the entire --
21 I have a copy of it here, though. I can just give it to
22 you, the redacted one.

23 MR. DAMON: Okay.

24 MS. PURCELL: I have a couple copies, if

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1 the Commissioners would like to see it? It should be --

2 CHAIRMAN IGNATIUS: Well, let's see if
3 we already do. We do have a couple of confidential pages,
4 one that's from Bolen Drive, in West Orange, New Jersey.
5 Is that the right document?

6 MS. PURCELL: That's a different --

7 WITNESS MALONEY: That would be the
8 hedging program contract.

9 MS. PURCELL: Yes. This is the storage
10 contract. I have a few copies of it, I'll just give it to
11 you. We literally filed it yesterday. It wasn't executed
12 when the first round of data requests were filed, though.
13 And, there's one item blacked out on the next page, but
14 it's only the pricing. So, --

15 CHAIRMAN IGNATIUS: All right. Thank
16 you. And, Mr. Damon, you have a copy of that?

17 MR. DAMON: I do. Thank you.

18 BY MR. DAMON:

19 Q. Mr. Maloney, how does the Company assess the usefulness
20 of this contract for propane storage compared to the
21 arrangements that were made last year?

22 A. We believe this new arrangement is a more
23 cost-effective and a more flexible solution for our
24 storage requirements.

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1 Q. Are the costs of that contract or the expected costs of
2 that contract included in the cost of gas rate
3 calculations in the filing?

4 A. Yes.

5 Q. And, I take it I'm right, that the Company's primary
6 source of propane storage continues to be located in
7 Keene?

8 A. Yes. Approximately 75 percent of the effective storage
9 under the Seven Day calculation is on-site in Keene.

10 Q. Okay. Has the Company experienced any changes in
11 management or operations personal at or related to New
12 Hampshire Gas during the past year?

13 A. Yes. The Service Supervisor left earlier this year.
14 And, the Operation Supervisor was named General Manager
15 to oversee both areas. At the same time, a new service
16 technician was added on. So, head count remains the
17 same.

18 Q. And, who was the Operations Supervisor who was named
19 General Manager? Who is that?

20 A. That's Steven Rokes, R-o-k-e-s.

21 Q. How long has he been with the Company?

22 A. I think it's approximately 10 to 12 years.

23 Q. And, who does he report to?

24 A. He reports to the Treasurer of New Hampshire Gas, and

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[WITNESS: Maloney]

1 NYSEG and RG&E, Michael Eastman.

2 Q. Okay. And, did his predecessor also report to the
3 Treasurer of New Hampshire Gas?

4 A. Yes. Both the Operations Supervisor and the Service
5 Supervisor both reported to the Treasurer of New
6 Hampshire Gas, before this new General Manager position
7 was created.

8 Q. Okay. So, anyway, that's -- apart from the change that
9 you've just described, there's been no other changes to
10 management or operations?

11 A. No, there hasn't.

12 Q. Have the financial and operational management functions
13 related to New Hampshire Gas, in your opinion, been
14 successfully transferred from Berkshire Gas to the
15 NYSEG/Rochester Gas & Electric management team?

16 A. Yes. I would say the transition is successful, and at
17 this point 100 percent complete.

18 Q. Okay. So, to me, that means then the fact that, where
19 you typically go to work, in Rochester, New York, which
20 is quite far from Keene, obviously, doesn't detract
21 from your ability to prepare these cost of gas filings
22 and that type of thing?

23 A. No, it doesn't. I'm in regular communications with the
24 primary staff people in Keene.

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1 MR. DAMON: Thank you. I have no
2 further questions.

3 CHAIRMAN IGNATIUS: Thank you.
4 Ms. Purcell? Oh, I'm sorry. We've got Commissioner
5 questions?

6 CMSR. HARRINGTON: Just a couple of
7 quick questions.

8 BY CMSR. HARRINGTON:

9 Q. Just, obviously, the price has gone down this year,
10 which is good, projected to go down. And, looking at
11 your Schedule M, and just looking at the rates over the
12 years, they seem to be up, down, up, down, up down, up
13 up, up, and then down. Is there any logic that we can
14 follow that we see on these in particular why they
15 change so much?

16 A. The propane rates tend to closely track the crude oil
17 prices.

18 Q. Uh-huh.

19 A. And, the volatility in those prices are seen
20 accordingly with these propane rates.

21 Q. But you don't see crude oil prices coming down
22 substantially, yet your rates are -- you're talking are
23 coming down quite a bit for this winter?

24 A. Compared to one year ago, both crude oil and --

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[WITNESS: Maloney]

1 Q. Okay.

2 A. -- and propane is down, particularly in the hedging
3 season of this -- for this winter versus last winter.

4 Q. Okay. And, just one other thing, I'm just not -- just
5 don't know what the term means, what is "PERC",
6 P-E-R-C?

7 A. That's the Propane Education & Research Council.

8 Q. And, they have fees that they assess you?

9 A. Yes. Mandated by the federal government. It was an
10 organization established by an act of law.

11 Q. So, it's like a certain percentage you pay to them for
12 them to do their thing?

13 A. It's a 0.4 cents per gallon of propane that's assessed
14 to all propane companies in the country.

15 CMSR. HARRINGTON: All right. Thank
16 you. That's all I have.

17 CHAIRMAN IGNATIUS: Commissioner Scott,
18 any questions?

19 CMSR. SCOTT: Yes. Good afternoon.

20 BY CMSR. SCOTT:

21 Q. I was curious, obviously, last winter was a very mild
22 winter. Does the fluctuations in the temperatures for
23 the seasons -- let me rephrase that. Does a warm
24 winter versus cold winter have much impact on the

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1 Company?

2 A. Yes, it does, from a delivery rate standpoint. The
3 Company brings in more revenue in a cold winter in it's
4 delivery rates. In a cold winter, higher delivery
5 rates -- or, higher delivery revenues, I'm sorry, and,
6 in a warm winter, substantially lower delivery
7 revenues.

8 Q. So, given last winter was fairly warm, so that was a --
9 that had a negative revenue impact for you?

10 A. It did.

11 Q. And, that was obviously unanticipated, I assume?

12 A. It was.

13 Q. Okay. Thank you. I see what Schedule B, I guess it
14 is, talks about "unaccounted for gas volumes"?

15 A. Yes.

16 Q. Just makes reference to that, I believe. And, I think
17 your testimony has that also. Your testimony mentions
18 that, compared to five or ten years ago, I think it was
19 your testimony, maybe it was the interrogatories?

20 A. It was the testimony.

21 Q. It noticed an improvement from five to ten years ago on
22 unaccounted for volumes. Do you have an idea how --
23 and that's good to hear and see. Do you have an idea
24 how your current unaccounted for gas volume rates

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1 compare to similar utilities? I don't know if there
2 are similar utilities, but --

3 A. Compared to similar utilities in New York State, the
4 current lost and unaccounted for rate of about
5 1.13 percent I'd say would be standard for a large
6 natural gas utility. That rate of 1.13 percent is much
7 better than New Hampshire Gas's prior performance of,
8 say, ten years ago, which may have been upwards of an
9 8 percent loss factor.

10 CMSR. SCOTT: Wow. Okay. Well, that's
11 good news. Again, it's hard to judge some of these
12 figures sometimes without being able to compare. So,
13 that's helpful. Thank you.

14 BY CHAIRMAN IGNATIUS:

15 Q. Mr. Maloney, when I saw that unaccounted for number in
16 the testimony, I thought it was a typo, because it's
17 never been anywhere close to that.

18 A. So did our Operations Manager.

19 Q. Yes. Well, I congratulate --

20 MS. PURCELL: We like to brag.

21 BY CHAIRMAN IGNATIUS:

22 Q. -- whoever has been working at leak repairs and meters
23 and all of the things, that it -- the work it took to
24 get there, because it's a huge drop and just a really

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1 terrific result.

2 A couple of questions just to clarify a
3 few things. You had proposed -- you had anticipated in
4 your testimony that the Fixed Price Option might be
5 even greater this year than last, it was 18.2 you said
6 last year, and you thought it might be 20 percent. It
7 actually came in at 17, which isn't a significant
8 difference. But do you have any idea of why people
9 didn't sign up in greater numbers?

10 A. It just seems that over the past couple of years
11 there's been a declining interest in general in the FPO
12 Program. And, it's just ticked down just a little bit
13 more this year, despite the attractive level of the
14 rate.

15 Q. All right. And, you're seeking a waiver of the
16 Commission standard of doing rate changes on a service
17 rendered basis, and instead do it on a bills rendered
18 basis?

19 A. That's correct.

20 Q. Can you explain the reasons why you feel a waiver is
21 necessary and appropriate?

22 A. Well, we think there's two reasons. One is that the
23 Company's customers have always been billed on a bills
24 rendered basis. And, it might cause some confusion to

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1 them to make such a change. And, also, the billing
2 system that's in place right now for New Hampshire Gas
3 could not accommodate a change to billing on a service
4 rendered basis, and it would require substantial cost
5 to either modify or replace that system.

6 CHAIRMAN IGNATIUS: All right. I have
7 no other questions. Any redirect, Ms. Purcell?

8 MS. PURCELL: Could I just have one
9 word?

10 CHAIRMAN IGNATIUS: Sure.

11 MS. PURCELL: I just wanted to make sure
12 I don't need to clarify something.

13 (Atty. Purcell conferring with Witness
14 Maloney.)

15 MS. PURCELL: Could I have one -- ask
16 one clarifying question?

17 CHAIRMAN IGNATIUS: Certainly.

18 **REDIRECT EXAMINATION**

19 BY MS. PURCELL:

20 Q. Mr. Maloney, I believe Mr. Damon asked you whether New
21 Hampshire Gas was seeking approval of the deferred
22 revenue surcharge in this proceeding. Could you just
23 clarify the reason for presenting it in this
24 proceeding.

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[WITNESS: Maloney]

1 A. Okay. I would say we are not seeking approval of that
2 deferred revenue surcharge rate in this proceeding,
3 because it was previously approved in the 2009 rate
4 order. What we are doing is just complying with the
5 requirements of that order to present that calculation
6 and that rate at this winter cost of gas hearing.

7 MS. PURCELL: Thank you. That's all I
8 have.

9 CHAIRMAN IGNATIUS: Thank you. We
10 should probably mark the Propane Storage Agreement. It
11 was testified to. It may not be necessary, but, if we
12 distributed them, why don't we go ahead and mark that as
13 "Exhibit 2"?

14 MS. PURCELL: Yes.

15 CHAIRMAN IGNATIUS: I'm sorry?

16 MS. DENO: I need one.

17 MS. PURCELL: Okay. I can give you a
18 copy. Just I don't know if we need to sort of clarify
19 this, that's a redacted copy, but it is what it is, to the
20 extent --

21 (The document, as described, was
22 herewith marked as **Exhibit 2** for
23 identification.)

24 CHAIRMAN IGNATIUS: Yes. That's fine.

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1 All right. And, then, is there any objection to striking
2 identifications and making the exhibits full exhibits?

3 MR. DAMON: No objections.

4 CHAIRMAN IGNATIUS: All right. Then, we
5 shall do so. Are there any other procedural matters to
6 address before closings?

7 (No verbal response)

8 CHAIRMAN IGNATIUS: Sounds like not.
9 Mr. Maloney, you're excused, but why don't you just stay
10 put. It's easier that way. So, Mr. Damon.

11 MR. DAMON: Yes. Staff has reviewed the
12 filing and listened to the testimony today, and has looked
13 at the discovery that has been undergone in this docket.
14 And, on the basis of all that, supports the proposed peak
15 period cost of gas rate as filed.

16 The Commission Audit Staff apparently
17 has not yet issued a Final Report regarding the expenses
18 and so forth. So, I think any approval by the Commission
19 should be made subject, I guess, to affirmation and the
20 Audit Staff finds no exceptions.

21 The sales forecast for this upcoming
22 winter is consistent with normalized results from the
23 prior year. The supply plan, such as it is presented in
24 the filing, is consistent with those from prior years.

1 The propane costs are based on actual or hedged prices and
2 projected pricing that reflect market expectations. And,
3 as usual, there will be a reconciliation of forecast and
4 actual propane costs for the upcoming peak period that
5 will be filed prior to the next winter's cost of gas
6 proceeding. And, any concerns that may arise related to
7 this year's winter period costs -- gas costs may be raised
8 and addressed in the future.

9 The Company apparently has been
10 successful in finding a reliable off-site supplemental
11 propane supply, securing access to an additional
12 50,000 gallons. The supply will be sourced from an
13 off-site storage tank that is within a reasonable distance
14 of the gas operations facility in Keene. And, this
15 supplemental supply replaces off-site storage arrangements
16 the Company has had with other entities, such as Berkshire
17 Gas Company, over the past several years. And, in Staff's
18 view, the arrangement provides an additional level of
19 supply reliability and assurance that the Company will be
20 able to meet its Seven Day storage requirement for the
21 winter period.

22 In short, Staff recommends approval of
23 the cost of gas and FPO rates, again, subject to a
24 positive report, a Final Report from the Audit Staff.

1 CHAIRMAN IGNATIUS: And, Mr. Damon, if
2 there are any audit findings, would those be worked
3 through in a future case and any changes reconciled?

4 MR. DAMON: I think the Staff would --
5 it would probably depend a little bit on what those
6 changes were. If they were relatively minor, I don't know
7 why it couldn't wait to be incorporated in the future. I
8 suppose, if they were more major, the Staff would have to
9 look to see whether it made sense to try to incorporate
10 changes sooner than that.

11 CHAIRMAN IGNATIUS: But you're not
12 asking that this rate be held up for receipt of the audit
13 report, if it goes beyond November 1st?

14 MR. DAMON: No. No, not at all.

15 CHAIRMAN IGNATIUS: Ms. Purcell.

16 MS. PURCELL: Thank you. New Hampshire
17 Gas Company respectfully requests approval of the proposed
18 FPO and Non-FPO rates for the upcoming winter. We believe
19 they're reasonable and have been calculated in accordance
20 with the Commission's rules and procedures.

21 Staff -- or, New Hampshire Gas also
22 appreciates the Staff's and the Commission's time and
23 efforts in relation to its filing over the last few weeks.
24 And, we look forward to approval of the proposed rates by

1 November 1st. Thank you very much.

2 CHAIRMAN IGNATIUS: Thank you. If
3 there's nothing further, we will take this under
4 advisement. We understand you have a November 1st
5 deadline, which we will meet. And, appreciate everyone's
6 time this afternoon.

7 MR. DAMON: One brief final comment.

8 CHAIRMAN IGNATIUS: Yes.

9 MR. DAMON: The Staff has reviewed the
10 calculation of the deferred revenue surcharge, and doesn't
11 have a problem with it.

12 CHAIRMAN IGNATIUS: Good. Thank you.
13 Appreciate that. All right. We stand adjourned.

14 MS. PURCELL: Thank you.

15 **(Whereupon the hearing ended at 2:12**
16 **p.m.)**

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