

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

February 13, 2014 - 10:06 a.m.
Concord, New Hampshire

NHPUC FEB18'14 PM12:48

RE: DG 13-261
NEW HAMPSHIRE GAS CORPORATION:
Winter 2013-2014 Cost of Gas.
*(Hearing on the Petition to
Increase the Non-FPO Rate)*

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Robert R. Scott
Commissioner Martin P. Honigberg

Sandy Deno, Clerk

APPEARANCES: Reptg. New Hampshire Gas Corporation:
Brian R. Maloney
(appearing via video conference)

Reptg. PUC Staff:
Alexander F. Speidel, Esq.

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

ORIGINAL

I N D E X

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BRIAN R. MALONEY

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P R O C E E D I N G

CHAIRMAN IGNATIUS: Good morning. And, good morning out in the Internet land. I'd like to open the hearing in Docket DG 13-261. And, before I say another word, can you hear me, Mr. Maloney?

MR. MALONEY: Yes, I can. Very well.

CHAIRMAN IGNATIUS: Good. Thank you. And, we can hear you.

(Brief off-the-record discussion with getting Mr. Maloney's voice to come through the speakers.)

CHAIRMAN IGNATIUS: This is a hearing for New Hampshire Gas Corporation. It's related to its Winter 2013-2014 cost of gas rates, which were previously set by Commission order. But a request was received from New Hampshire Gas Corporation to increase the rate beyond the amount that's allowed under the provisions for increases through the course of the cost of gas period beyond that bandwidth level. And, so, the request is to increase the rate for the period of March 1, 2014 through April 30, 2014 beyond the approved maximum cost of gas rate.

We issued an order of notice on January 28th, 2014 that set forth the request from the

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1 Company, allowed for additional interventions, and
2 scheduled a hearing on the merits for this morning.

3 Let's, I know that -- Mr. Speidel, are
4 you aware of anyone who's seeking intervention?

5 MR. SPEIDEL: No, Chairman.

6 CHAIRMAN IGNATIUS: All right. We don't
7 see anything in the file either. Why don't we begin, I
8 guess, with appearances first. Mr. Speidel.

9 MR. SPEIDEL: Yes. Thank you, Chairman.
10 Alexander Speidel, for the Staff of the New Hampshire
11 Public Utilities Commission. And, I have with me
12 Assistant Director Steve Frink of the Gas and Water
13 Division.

14 CHAIRMAN IGNATIUS: Good morning.

15 MR. SPEIDEL: Just as a preliminary, we
16 are making use of a new technology for video conferencing
17 with Mr. Maloney, who is over in Rochester. And, as part
18 of my responsibilities for the hearing today, I am going
19 to facilitate some of Mr. Maloney's participation in this
20 hearing. The reason this is doable, as Mr. Maloney is *pro*
21 *se* at this time, is because Staff does not contest the
22 Company's Petition. So, therefore, we have conferred
23 regarding an acceptable methodology for keeping this
24 hearing moving. And, so, I will be interacting with Mr.

[WITNESS: Maloney]

1 Maloney in an unusual way, as he is not represented by his
2 own counsel.

3 CHAIRMAN IGNATIUS: Okay. Thank you for
4 helping out in that. And, Mr. Maloney, just an appearance
5 on the record please.

6 MR. MALONEY: It's Brian Maloney --

7 CHAIRMAN IGNATIUS: Your name and
8 Company.

9 MR. MALONEY: My name is Brian Maloney.
10 And, I am a Lead Analyst in the Rates and Regulatory
11 Economics Department at Rochester Gas & Electric
12 Corporation. RG&E provides affiliate services to New
13 Hampshire Gas Corporation.

14 CHAIRMAN IGNATIUS: Thank you. Then,
15 why don't we begin. And, however you've worked out best
16 to assist both, because, Mr. Maloney, you're here *pro se*,
17 and that's perfectly fine, and also you're appearing
18 through a camera and Internet hook-up, which is a good
19 experiment for us.

20 So, Mr. Speidel, why don't I hand it to
21 for the best way to coordinate.

22 MR. SPEIDEL: Yes. Thank you, Chairman.
23 I would suggest that Staff call Mr. Maloney virtually to
24 testify by video conference, under oath, of course. And,

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[WITNESS: Maloney]

1 after a series of brief establishing questions and
2 adoption questions for the Petition's marking as an
3 exhibit, Staff would engage in some cross-examination
4 questions. And, then, we would suggest that the
5 Commissioners engage in their Bench questioning. And, if
6 Mr. Maloney has any further statements that he would like
7 to make under oath, in a clarification context, something
8 like a redirect, but self-directed redirect, we would be
9 supportive of that.

10 CHAIRMAN IGNATIUS: All right. That's
11 fine. Why don't you go ahead.

12 MR. SPEIDEL: Thank you. Mr. Maloney,
13 would you please take the stand, and would the court
14 reporter please swear the witness.

15 (Whereupon **Brian R. Maloney** was duly
16 sworn by the Court Reporter.)

17 **BRIAN R. MALONEY, SWORN**

18 **DIRECT EXAMINATION**

19 BY MR. SPEIDEL:

20 Q. Okay. Mr. Maloney, just once more, could you please
21 state for the record your full name and your position.

22 A. My name is Brian Maloney. And, I'm a Lead Analyst in
23 the Rates and Regulatory Economics Department at
24 Rochester Gas & Electric. RG&E provides affiliate

[WITNESS: Maloney]

1 services to New Hampshire Gas Corporation.

2 Q. Okay. Do you have in your possession a document with a
3 cover letter dated January the 27th of 2014, that is
4 signed by you?

5 A. Yes. I do.

6 Q. Could you just briefly describe what this document is.

7 A. This document is a Petition to request an increase in
8 the March and April Non-FPO cost of gas rate to a level
9 above the maximum rate currently approved by the
10 Commission Order Number 25,588.

11 Q. Now, Mr. Maloney, did you prepare certain schedules and
12 testimony within this document?

13 A. I did.

14 Q. And, were these schedules and testimony prepared as
15 part of your responsibilities at New Hampshire -- I'm
16 sorry, New York [Rochester?] Gas & Electric?

17 A. Yes, they were.

18 MR. SPEIDEL: I would ask that this
19 document, which has been prefiled into the record, be
20 marked as Hearing Exhibit 2, as Hearing Exhibit 1 in this
21 docket was the original Cost of Gas Petition filed on
22 October the 21st of 2013.

23 CHAIRMAN IGNATIUS: Thank you. So
24 marked.

[WITNESS: Maloney]

1 (The document, as described, was
2 herewith marked as **Exhibit 2** for
3 identification.)

4 MR. SPEIDEL: Thank you.

5 BY MR. SPEIDEL:

6 Q. Mr. Maloney, would you care to summarize, in general
7 terms, the circumstances and positions taken by you in
8 your testimony and in your Company's Petition, marked
9 as "Hearing Exhibit 2".

10 A. The Company is requesting this increase because there's
11 been a dramatic increase in spot market propane prices
12 in the Northeast and Midwest states due to shortages,
13 basically, due to problems in getting enough propane
14 transported up into these market regions. Therefore,
15 we would like to increase the cost of gas rate for
16 Non-FPO customers beyond the rate that's currently
17 approved, in an effort to minimize the undercollection
18 that would otherwise occur over this winter period.

19 Q. Is that all?

20 A. Yes.

21 MR. SPEIDEL: Okay. Now, if it is all
22 right with the Commissioners, and with you, I would like
23 to begin my cross-examination?

24 WITNESS MALONEY: That's fine.

[WITNESS: Maloney]

1 MR. SPEIDEL: Okay.

2 BY MR. SPEIDEL:

3 Q. On Page 3, Lines 11 to 15 of your testimony, you state
4 that the price forecasts are "highly uncertain" for the
5 commodity used by the Company. How do the current
6 February, March, and April price forecasts compare with
7 those used in the filing?

8 A. Well, that filing is about two weeks old. But, based
9 on a conversation with our supplier recently, we
10 believe that our February and March estimates for spot
11 purchase prices are still reasonable, but uncertain.
12 Our April forecast for spot purchases is currently
13 about six cents lower than what was used in the
14 Petition. But this is based on a futures price that
15 changes daily.

16 Q. Is it fair to say that using the current forecast, the
17 projected under recovery, assuming the proposed rate
18 increase is approved for March and April, would be
19 similar to that described in the filing of Exhibit 2?

20 A. Yes, it's fair to say that. I think, if we re-ran the
21 numbers today, it would be no more than \$5,000 less of
22 an undercollection.

23 Q. Thank you. Does New Hampshire Gas Corp. have adequate
24 propane supplies for the remainder of the winter?

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[WITNESS: Maloney]

1 A. Well, having made it through to mid-January, in one of
2 the toughest markets in memory, that gives us high
3 confidence for the remainder of the winter, in terms of
4 supply.

5 Q. Where are those supplies located and how are they
6 accessed by the Company?

7 A. We have our hedged purchase commitments under the
8 Pre-Purchase Program. And, we've got about
9 40,000 gallons left in storage in Amherst. And, our
10 supplier has reliably been able to obtain spot loads
11 for us from Selkirk, the Providence port, SEA-3 in
12 Portsmouth, and even a few terminals in Canada.

13 Q. Thank you. Mr. Maloney, on Page 3, Lines 24 through
14 31, of your testimony, you calculate the rate impacts
15 on a typical residential customer, comparing this
16 winter to last winter. Can you tell us the rate impact
17 comparing the approved 2013-14 winter rate and the
18 actual and proposed rates?

19 A. Okay. The impact for the full winter period, comparing
20 bills at the originally approved rate of \$1.68, to
21 bills at the actual and proposed rates, is \$236 for the
22 period.

23 Q. Would you be able to tell us how much a typical
24 residential customer will be paying over the last two

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[WITNESS: Maloney]

1 months of this winter period if the proposed rate
2 increase is not approved, and compare that to the cost
3 if the rate is approved?

4 A. The difference over those two months would be \$83 for a
5 typical residential customer.

6 Q. Thank you. On Page 2, Lines 20 through 29, of your
7 testimony, again, in Exhibit 2, you state that carrying
8 over a large under recovery will put your company at a
9 competitive disadvantage, and that Keene area propane
10 dealers raise prices to fully recover their costs at
11 this time. Could you give us some examples of how much
12 area propane dealers' prices have increased?

13 A. Well, there was one significant -- there is one
14 significant propane retailer in the Keene area that
15 raised its prices to residential customers by \$1.50, up
16 to \$4.49 a gallon, at the start of the market
17 disruption. And, we know of another retailer that
18 recently raised its price by about 95 cents, to \$4.19,
19 and that was over just a two-week period.

20 Q. Under normal circumstances, how do New Hampshire Gas
21 Corp.'s rates compare to these competitors?

22 A. I would say that, in general, we are in the middle of
23 the competitive range for residential customers. And,
24 for large users, our price -- our all-in price tends to

[WITNESS: Maloney]

1 be on the high end.

2 Q. Thank you. The propane supply and price situation,
3 which is sometimes described as a "shortage" or a
4 "crisis", has gotten a fair amount of coverage in the
5 national media recently. Are you aware of any coverage
6 on this issue in the local New Hampshire media,
7 especially in southwestern New Hampshire?

8 A. We are only aware that there's been some coverage on
9 the local news on Channel 9, out of Manchester.

10 Q. What steps have you taken to inform your customers of
11 the situation?

12 A. We placed a display ad in the Keene Sentinel on
13 February 1st. And, all of the February bills, which
14 have already gone out, have contained a bill insert
15 explaining the situation.

16 Q. Has there been much, if any, customer response to the
17 display ad and bill insert on the proposed rate
18 increase?

19 A. We have received probably one to two dozen inquiries,
20 on the bill insert, in particular, out of about 1,200
21 customers.

22 Q. And, do you believe that the Company was able to
23 provide useful information to those customers?

24 A. Yes. I believe our Staff in Keene is very capable of

[WITNESS: Maloney]

1 responding to those customers' concerns.

2 Q. Thank you. Mr. Maloney, have you seen the e-mail to
3 the Commission from Ms. Kalich, Judy Kalich and her
4 husband, regarding the proposed rate increase?

5 A. I have seen that e-mail, yes.

6 Q. How would you respond to her concerns?

7 A. Well, I can understand her concern regarding price
8 increases on an essential service, such as heat.
9 Unfortunately, the propane market volatility, and the
10 harsh winter, have impacted many consumers throughout
11 the Northeast and the Midwest.

12 I also believe that her characterization
13 of "monopoly pricing" is not really at play here. We
14 have several competitors in the Keene market providing
15 propane service. And, in addition, the commodity
16 portion of our service is strictly based on competitive
17 market prices, with no mark-up.

18 Q. Thank you. In your filing, you've used actual costs
19 for prior months and forecasted costs for February
20 through April of 2014. What changes have you made to
21 the February through April cost forecasts provided in
22 your initial forecast, which was part of Exhibit 1, the
23 initial cost of gas filing for those months?

24 A. The only material change that impacts the forecast is a

[WITNESS: Maloney]

1 big increase in our estimates for spot market purchase
2 prices in February, up \$1.26 in March, up 81 cents over
3 the initial filing.

4 Q. Thank you. Now, on Page 3, in Lines 11 through 22, of
5 your testimony, you request that the Company be allowed
6 to adjust the proposed cost of gas rate up or down,
7 after approval, within certain parameters. Would you
8 please define the parameters being requested.

9 A. When making this request in the Petition, we envisioned
10 a band of possibly 5 percent on the upside, and then
11 unlimited amount on the downside. We thought that an
12 adjustment provision would increase the likelihood of
13 hitting the collection target. If such an adjustment
14 is impractical for the March 1st rate, this request
15 would apply to the April 1st rate.

16 Q. So, the 5 percent upside adjustment, would you consider
17 that to be a floor or a ceiling on the adjustment?

18 A. I would consider that to be a ceiling on the
19 adjustment, and the floor would be unlimited.

20 Q. Thank you.

21 CHAIRMAN IGNATIUS: Can I, before we go
22 on, can I just ask you to clarify? In using real numbers,
23 what it is that you're requesting for March, and what
24 could happen during March, if this were all approved?

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[WITNESS: Maloney]

1 What the request is for March, and what further
2 adjustments could take place during March under your
3 proposal?

4 WITNESS MALONEY: The March 1st rate
5 calculated in the Petition is \$2.5355. What we were
6 thinking was that, in an effort to get the undercollection
7 as close as possible to the target, given the extreme
8 volatility in the market, we may want to think about
9 modifying that Petition rate as we get closer to the end
10 of March.

11 Now, if that's really not practical at
12 this point, I think we are just requesting some capability
13 to more or less fine-tune the rate for April 1st, in an
14 effort to get close to the collection target. Given that
15 these forecasts for spot purchase prices are so uncertain
16 at this point.

17 CHAIRMAN IGNATIUS: So, if I, just to be
18 clear, your proposal is that the 2.5355 could go up
19 another 5 percent or could drop in an unlimited amount?

20 WITNESS MALONEY: That's correct. In an
21 effort to achieve the undercollection target that has been
22 built into the Petition.

23 CHAIRMAN IGNATIUS: Thank you.

24 MR. SPEIDEL: Just one moment, Chairman.

[WITNESS: Maloney]

(Atty. Speidel conferring with
Mr. Frink.)

BY MR. SPEIDEL:

Q. Mr. Maloney, thank you for your patience. Is it fair to say that this adjustment mechanism would be targeted so that a \$60,000 undercollection level for the month of March is maintained or is that not really the goal? It's more of a response mechanism, upward up to 5 percent, and downward to no floor, in response to changes in market prices, given the volatility of the current propane picture?

A. The thought would be to have the winter period ending undercollection remain at \$60,000, given the possibility that our forecasts for spot purchase prices in February and March could change material -- that the actual prices could change materially from what we have forecasted. So, it's simply a fine-tuning mechanism suggested to potentially and, hopefully, achieve that \$60,000 undercollection target at the end of the winter period. It's certainly in no means a key part of our Petition.

Q. So, you envision that the adjustment filing would be provided, given that we're roughly in the middle of February, what is your vision for the timing of these

[WITNESS: Maloney]

1 adjustment filings, which would be akin a little bit to
2 a reconciliation filing made -- a monthly cost of gas
3 trigger sheet made in an ordinary course monthly
4 filing, how do you expect that the Company will inform
5 the Commission of the expected adjustments?

6 A. My thought was that we would inform the Commission of
7 the adjustments much like you've just suggested,
8 through the monthly reconciliations that occur on a
9 regular basis and rate updates, which are required to
10 be filed five business days before the start of the
11 subsequent month.

12 Q. So, in this instance, you will have to give me some
13 assistance, I don't have a calendar in front of me,
14 but, for the March 1st adjustment, you would expect
15 that the Company would have the requisite schedules in
16 place, February is a month with 28 days, as early as
17 five or six days from now?

18 A. That is correct. Now, when this Petition was filed, at
19 the end of January, we thought that would be a good
20 feature to at least suggest in the Petition. I know,
21 at this point, there have been bill inserts and display
22 ads that have pointed out that the rate is going to be
23 set on March 1st at 2.5355. So, I just wanted to point
24 that out to -- and ask for the Commission's discretion

[WITNESS: Maloney]

1 on how to best meet our undercollection target, but
2 also take into account the display ad and bill insert.

3 Q. Okay. What we'll do is we'll continue with our line of
4 questioning in a different direction. And, let's start
5 with, would you please tell us how many customers
6 enrolled in the Winter FPO, or Fixed Price Option
7 Program, and what percent of your load that represents?

8 A. We have 176 customers, or 15 percent, enrolled in the
9 FPO Program. And, they represent approximately
10 19 percent of forecasted therms.

11 Q. How are prior period over or under recoveries typically
12 treated when calculating the FPO?

13 A. For the seasonal filings, the Non-FPO rate is
14 calculated first, taking into account a forecasted
15 level of FPO participation. And, then, the FPO rate is
16 simply set at a rate two cents higher.

17 Q. How will carrying forward the projected undercollection
18 impact the FPO rate for next winter?

19 A. If the targeted undercollection of about \$60,000 is
20 achieved and carried over until next winter, it would
21 increase both the FPO and Non-FPO rates by
22 approximately six cents per therm.

23 Q. Would you briefly describe New Hampshire Gas Corp.'s
24 Propane Purchase Stabilization Program or Plan in place

[WITNESS: Maloney]

1 for this winter, and to what extent that has served to
2 mitigate this winter's cost of gas?

3 A. Okay. We pre-purchased 700,000 gallons of propane
4 under the Hedging Program, in the months of April
5 through September. And, based on our forecast of spot
6 prices, this program will save about \$700,000 in
7 propane purchase costs for this winter, or about
8 43 percent.

9 MR. SPEIDEL: Thank you. Now,
10 Commissioners, I could invite you to begin your Bench
11 questioning now, or would you prefer that Mr. Maloney make
12 a general statement, in the form of quasi-redirect, before
13 your Bench questioning, or would you prefer that he does
14 it after?

15 CHAIRMAN IGNATIUS: Well, I guess, Mr.
16 Maloney, if there's anything else that you wanted to
17 present to us in your Petition that hasn't been picked up,
18 why don't you go ahead right now. And, then, we'll give
19 you a chance to come back, if there's anything further you
20 need to add.

21 WITNESS MALONEY: Thank you. There is
22 nothing in the -- that I want to bring up that was not
23 presented in the Petition.

24 CHAIRMAN IGNATIUS: Thank you. Then,

[WITNESS: Maloney]

1 are there questions from the Commissioners? Commissioner
2 Scott.

3 CMSR. SCOTT: Thank you. And, good
4 morning, Mr. Maloney.

5 WITNESS MALONEY: Good morning.

6 CMSR. SCOTT: Let me start with, I'm
7 pleased you don't have to make the journey in the bad
8 weather. So, hopefully, this works out well in the future
9 also, our new technology here.

10 BY CMSR. SCOTT:

11 Q. I was curious, given the unanticipated price impact to
12 your customers, is the Company placing any additional
13 emphasis on their programs, looking at your customers
14 with financial issues, as far as payment plans, or is
15 there any activity on that end, to try and help
16 mitigate some of this price shock?

17 A. Yes, there is. Just in the regular course of business,
18 we are always working with customers that are
19 experiencing financial difficulties. And, this winter
20 will be no different. There's already been a handful
21 of inquiries. And, we are working with those customers
22 in our normal manner, to help their affordability.

23 Q. And, is your understanding that, particularly, I
24 assume, really the issue is the Non-FPO customers,

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[WITNESS: Maloney]

1 obviously, at this juncture. So, they have a --
2 generally, the customers have a good understanding of
3 what's available to them along those lines?

4 A. I believe, given that the customers that appear to be
5 experiencing financial difficulties are calling our
6 Keene office, I believe that there is a general
7 understanding in the community that we are receptive to
8 working with customers in these types of situations.

9 Q. Thank you for that. So, am I correct in the
10 understanding is, is at this point there's no
11 anticipation of a reoccurrence of this type of problem
12 for next year, as far as availability, transportation
13 of propane, is that a correct statement?

14 A. I believe that's a correct statement. This winter, a
15 handful of unusual circumstances occurred all at the
16 same time, sometimes referred to as a "perfect storm".
17 And, I think a lot of lessons have been learned this
18 winter, in terms of propane storage, propane supplies
19 needed up in the Midwest and Northeast. So, I would
20 expect that this problem would happen rarely in the
21 future, if ever.

22 Q. And, to the extent you have -- your ratepayers are
23 paying attention this winter, I would assume that you'd
24 see perhaps more people doing the Fixed Price Option

[WITNESS: Maloney]

1 next year. Do you think that may be the case?

2 A. I think that's very likely. We've been stuck around
3 20 percent participation or so, in terms of therms, for
4 the last handful of years. And, I would not be at all
5 surprised to see that go up substantially next winter.

6 Q. And, as far as your storage and hedging programs, do
7 you anticipate any changes to that? Or, do you -- you
8 mentioned, you know, you've had some good cost savings
9 from that. Do you think that's, I know you don't have
10 a crystal ball for the future for any reoccurrence of
11 these shortages, but do you feel that was -- what
12 you've done is about right or do you think that needs
13 to be adjusted?

14 A. We think it's about right. We would like to find
15 possibly a little more storage up here, near Keene, to
16 have a little more supply on hand. At this point, that
17 has proven difficult to find. But we're still looking.

18 Q. And, my final question has to do with the -- again, if
19 I understand it right, your idea would be your Non-FPO
20 charge for March 1st would go into effect, with this
21 ability to vary. So, am I correct then, so, it would
22 probably likely be, depending on the commodity price,
23 it may be a different charge 1 April? You may adjust
24 it 1 April?

[WITNESS: Maloney]

1 A. That's, I think, the best course of action at this
2 point. Stick with the March 1st rate as filed, and
3 have a band available to adjust the April 1st rate,
4 much like we do on a normal monthly basis, to achieve
5 the targeted undercollection.

6 CMSR. SCOTT: Thank you. That's all I
7 have.

8 CHAIRMAN IGNATIUS: Thank you.
9 Commissioner Honigberg.

10 CMSR. HONIGBERG: Good morning, Mr.
11 Maloney. I just want to touch on a couple of things.

12 BY CMSR. HONIGBERG:

13 Q. Following up on one of the questions that Mr. Speidel
14 asked you, about what a typical customer would pay.
15 That information is on Schedule F of your filing, is it
16 not?

17 A. Excuse me?

18 Q. If I wanted to know what a typical customer paid last
19 year and would be expected to pay this year, that's on
20 Schedule F of what you filed, is it not?

21 A. It is.

22 Q. And, so, the numbers there, where it says "Total Bill",
23 would give us an indication of what a typical user
24 might be expected to pay, if this proposal is approved?

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[WITNESS: Maloney]

1 A. That's correct.

2 Q. On the "5 percent" issue, 5 percent of what? You'd be
3 looking to increase 5 percent of 2.5355? Or, is it
4 5 percent of the increase that got us to that, so I
5 understand what the request is?

6 A. It's 5 percent of the 2.5355. Much like we have a
7 25 percent increase threshold on the initial cost of
8 gas rate.

9 Q. That's what I thought. And, again, this is mostly a
10 terminology thing, or a positive and negative question.
11 What you're look -- you have about \$180,000 projected
12 under recovery, you're looking to recover about 120,000
13 of it this year, and trying to recover -- hoping to
14 recover the remaining 60 next year. Is that -- I have
15 that right?

16 A. You have that exactly right.

17 CMSR. HONIGBERG: All right. I have
18 nothing further. Thank you.

19 CHAIRMAN IGNATIUS: Thank you. A couple
20 more questions.

21 BY CHAIRMAN IGNATIUS:

22 Q. I noticed, I think yesterday or the day before, there
23 was a press release from the Federal Energy Regulatory
24 Commission about some emergency provisions that were in

[WITNESS: Maloney]

1 place or may be extended to address propane shortages
2 in the Midwest. Do you know what they -- I don't
3 remember the details. Do you know what they announced
4 and whether that's going to be something that will
5 provide relief to you?

6 A. It is expected to provide relief. FERC ordered the
7 Enterprise Pipeline Company to prioritize propane
8 shipments, rather than other products, up into the
9 Midwest and Northeast. That started on February 7th,
10 and it was initially for a seven-day period, and it was
11 extended for another seven days. So, it will be going
12 through February 24th.

13 Q. Do you have access to any of that supply?

14 A. Yes, we do, because the Selkirk terminal is on that
15 pipeline.

16 Q. So, some of your spot market purchases will be through
17 Selkirk, and, hopefully, that will -- some of that
18 supply can then be available to you?

19 A. That's correct.

20 Q. You also said that you were obtaining some supply from
21 the SEA-3 terminal in New Hampshire. I had thought
22 that that was closed. So, that's good to hear. I must
23 have misunderstood what was going on with SEA-3.

24 A. Hmm. All I can say is that, just yesterday, I was

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[WITNESS: Maloney]

1 informed by our General Manager that at least one
2 shipment came from the SEA-3 port. Maybe, it's
3 possible, that he misunderstood the supplier invoice or
4 his discussions with the supplier. But I'm --

5 Q. Well, it's more likely that I had it wrong, not you.
6 I'll check with our gas folks. But that would be a
7 good thing, if SEA-3 is operational.

8 And, you had said, Mr. Maloney, that you
9 would have another set of reports on actual costs
10 coming in within the next five days or so, is that
11 correct?

12 A. Yes. The spot market moves every day, and it moves
13 more than ever at this point. It's still a very
14 volatile market. So, yes. Every day we can obtain a
15 different spot price from our supplier.

16 CHAIRMAN IGNATIUS: All right. Well,
17 the more you can keep in touch with our Staff, when you
18 have that information, the better, obviously. And, I know
19 you're trying to manage a volatile market, we also need to
20 be sure that we're finding a way that's appropriate under
21 the standards for the pass-through of your costs, but also
22 being mindful of the impact on customers, which is very
23 significant.

24 Are there any other questions from the

[WITNESS: Maloney]

1 Bench?

2 (No verbal response)

3 CHAIRMAN IGNATIUS: Nothing. Any
4 further questioning from Mr. Speidel?

5 MR. SPEIDEL: No further questions.
6 Thank you, Chairman.

7 CHAIRMAN IGNATIUS: All right. Anything
8 else, Mr. Maloney, you wanted to mention, having responded
9 to those questions?

10 WITNESS MALONEY: No. Nothing else.

11 CHAIRMAN IGNATIUS: All right. Then,
12 we'll -- I assume there's no objection to striking the
13 identification on Exhibit 2, making that a full exhibit.

14 And, then, the only thing left, I think,
15 is for some brief closing statements. I want to, after --
16 echo Commissioner Scott's comments about using this
17 technology, it's been a good trial run for us. We're
18 going to get better and better at it. And, maybe after
19 this hearing is over, you could take a few minutes, stay
20 online once we're closed, and talk about what seemed to
21 work and what didn't work well.

22 So, why don't we begin, first,
23 Mr. Speidel, with any closing comments from the Staff.

24 MR. SPEIDEL: Thank you, Chairman.

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1 Staff supports the New Hampshire Gas Corporation's
2 proposed rate increase to take effect on a bills rendered
3 basis on March the 1st. Due to market forces beyond New
4 Hampshire Gas Corp.'s control, propane prices have surged.
5 And, although the Company has made monthly adjustments to
6 recover its propane costs in a timely fashion, the cap on
7 cumulative increases has limited the Company's ability to
8 fully respond, and now there are only two months left in
9 the winter heating season to recover this winter's costs
10 without deferring some to next winter. Although the
11 proposed rate increase is substantial, Staff believes the
12 proposed increase fairly balances the customer bill impact
13 with New Hampshire Gas Corp.'s need to remain competitive
14 with area propane dealers.

15 Regarding the Company's request for a
16 5 percent upward and unlimited downward adjustment collar,
17 Staff believes that this would be impractical for the
18 month of March, but does support the introduction of such
19 a mechanism for the month of April, with the proviso that
20 the Company should not necessarily a \$60,000
21 undercollection, but, rather, reduce the undercollection
22 further in April via rates at its own discretion, subject
23 to the 5 percent cap. Thank you.

24 CHAIRMAN IGNATIUS: Thank you. Mr.

1 Maloney.

2 MR. MALONEY: Thank you. New Hampshire
3 Gas would like to thank the Commission Staff for its time
4 and effort in reviewing the Company's Petition. I'd also
5 like to express my personal appreciation for being able to
6 conduct my testimony by video conference. We respectfully
7 request Commission approval of our filed Petition by
8 March 1st. Thank you.

9 CHAIRMAN IGNATIUS: Thank you. Then, we
10 will take this under advisement. We understand this needs
11 to move quickly. And, we'll work to make sure that we
12 have an order issued promptly. With that, the hearing is
13 adjourned.

14 **(Whereupon the hearing was adjourned at**
15 **10:49 a.m.)**