

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

April 11, 2016 - 10:33 a.m.
Concord, New Hampshire

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RE: DG 16-307
LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS)
CORP. d/b/a LIBERTY UTILITIES - KEENE DIVISION:
2016 Summer Cost of Gas.

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Robert R. Scott
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

APPEARANCES: Reptg. Liberty Utilities (EnergyNorth Natural
Gas) Corp. d/b/a Liberty Utilities:
Michael J. Sheehan, Esq.

Reptg. Residential Ratepayers:
Donald M. Kreis, Esq., Consumer Advocate
James Brennan, Finance Director
Office of Consumer Advocate

Reptg. PUC Staff:
Rorie E. Patterson, Esq.
Al-Azad Iqbal, Gas & Water Division

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

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WITNESS PANEL: FRANCISCO C. DaFONTE
DAVID B. SIMEK

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1	Liberty Utilities (EnergyNorth Natural Gas) Corp.'s 2016 Summer Cost of Gas filing for the Keene Division, including Direct Testimony of Francisco C. DaFonte and David B. Simek, a TOC, Tariff Pages, and Schedules (03-14-16)	4
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Ms. Patterson	24
Mr. Sheehan	25

P R O C E E D I N G

CHAIRMAN HONIGBERG: Good morning, everyone. We're here this morning in Docket DG 16-307, which is the Keene Division of Liberty Utilities (EnergyNorth Natural Gas) Corp.'s 2016 Summer Period Cost of Gas Adjustment docket to set rates for the period May 1 through October 31. I will not read from the order of notice, which you all have and is in the record.

Before we do anything else, let's take appearances.

MR. SHEEHAN: Good morning. Mike Sheehan, for Liberty (New Hampshire) Keene. And, with me is Chico DaFonte and David Simek.

MR. KREIS: Good morning. I am the Consumer Advocate, Donald Kreis, and to my left is Mr. James Brennan, our Director of Finance.

MS. PATTERSON: Good morning. Rorie Patterson and Al-Azad Iqbal, here for the Commission Staff. Thank you.

CHAIRMAN HONIGBERG: All right. Is there anything we need to do before the witnesses take the stand?

MR. SHEEHAN: Two things. I would like

1 to mark as "Exhibit 1" the Company's filing, which
2 consists of the Joint Testimony of Mr. Simek and
3 DaFonte and their attached exhibits.

4 (The document, as described, was
5 herewith marked as **Exhibit 1** for
6 identification.)

7 MR. SHEEHAN: And, second, I will, as I
8 walk out today, file a motion regarding the billing
9 practice. It's something we always file in the Keene
10 cases and I forgot, which allows the -- it's a request
11 for waiver of Rule 1203.05, to allow this rate change
12 to go into effect on a billing basis, rather than a
13 service-rendered basis. It's just a little quirk of
14 the Keene system that can't accommodate what most often
15 happens, and this happened -- this request comes with
16 every Keene Gas filing.

17 Someday soon we hope to roll Keene into
18 the EnergyNorth system, we won't have to take these
19 steps. So, I will file that as I walk out the door
20 today. I provided counsel copies of this last week.

21 CHAIRMAN HONIGBERG: Ms. Patterson.

22 MS. PATTERSON: Thank you. I don't
23 believe that Mr. Sheehan needs to file it, I think the
24 Commission can grant the waiver orally in the hearing,

1 and the Staff has no objection to that.

2 CHAIRMAN HONIGBERG: Mr. Kreis.

3 MR. KREIS: We're slightly testy about
4 that, but slight testiness does not ripen into outright
5 objection.

6 CHAIRMAN HONIGBERG: Which means you
7 have no objection to the request from the Company,
8 correct?

9 MR. KREIS: Yes. You've interpreted me
10 correctly, Mr. Chairman.

11 CHAIRMAN HONIGBERG: And, Mr. Sheehan,
12 perhaps if you haven't rolled the Keene Division into
13 the rest of the Company, you'll put a tickler in the
14 system for the next cost of gas proceeding that, when
15 you're doing the paperwork, you'll get that one filed?

16 MR. SHEEHAN: Correct.

17 CHAIRMAN HONIGBERG: So, without
18 objection, assuming that we approve the cost of gas
19 filing, we can -- we will approve that filing as well,
20 to have it take effect outside of the normal course.
21 Is that what you need from us?

22 MR. SHEEHAN: Yes.

23 CHAIRMAN HONIGBERG: All right. Is
24 there anything else we need to do?

[WITNESS PANEL: DaFonte~Simek]

1 MR. SHEEHAN: That's all I have.

2 CHAIRMAN HONIGBERG: All right. Why
3 don't you have the witnesses take the stand then.

4 Before you swear them in, Mr. Sheehan,
5 Ms. Patterson, does that need to be in -- assuming we
6 approve the filing, does that grant need to be in the
7 order? Or, if we do it on the record right now, is
8 that sufficient? That the approval, of course, would
9 be contingent on approval of the overall filing. But
10 this on-the-record approval, do we think that's
11 sufficient?

12 MS. PATTERSON: I would suggest that it
13 be included in the order, only because they're --
14 ordinarily, the rates change on a service-rendered
15 basis, and it is a significant departure or enough
16 departure to mention it, I think, in the order. I was
17 only pointing out that I don't think the motion itself
18 has to be filed with the Commission in paper.

19 CHAIRMAN HONIGBERG: That's fine. Thank
20 you. Well, we'll make sure that it's in the order
21 then.

22 Mr. Patnaude.

23 (Whereupon **Francisco C. DaFonte** and
24 **David B. Simek** were duly sworn by the

1 Court Reporter.)

2 CHAIRMAN HONIGBERG: Mr. Sheehan, you
3 may proceed.

4 MR. SHEEHAN: Thank you.

5 **FRANCISCO C. DaFONTE, SWORN**

6 **DAVID B. SIMEK, SWORN**

7 **DIRECT EXAMINATION**

8 BY MR. SHEEHAN:

9 Q. Mr. DaFonte, your name, position, and please describe
10 what role you played in this Keene cost of gas filing.

11 A. (DaFonte) My name is Francisco DaFonte. I'm the Vice
12 President of Energy Procurement. I work for Liberty
13 Utilities Service Corp., on behalf of the Keene
14 Division of EnergyNorth. I provided joint Direct
15 Testimony with Mr. Simek. And, my testimony is geared
16 towards the supply portion of the testimony and the
17 demand forecast.

18 Q. Mr. Simek, same question.

19 A. (Simek) My name is the David B. Simek. I work for
20 Liberty Utilities Services Corp. And I provide
21 rate-related services for the Company, mainly customer
22 bill impacts. I also provided joint testimony with Mr.
23 DaFonte.

24 Q. And, both of you, do you have the copy of your joint

1 testimony in front of you?

2 A. (Simek) Yes, I do.

3 A. (DaFonte) Yes.

4 Q. And that's what's been marked as "Exhibit 1". Do
5 either of you have any changes to that testimony today?

6 A. (Simek) No.

7 A. (DaFonte) no.

8 Q. And, if I were -- was that testimony prepared by each
9 of you or under your respective direction?

10 A. (Simek) Yes.

11 A. (DaFonte) Yes, it was.

12 Q. And, if I were to ask you the same questions today,
13 would you be providing the same answers?

14 A. (Simek) Yes.

15 A. (DaFonte) Yes.

16 MR. SHEEHAN: And, for the record, there
17 is no confidential filing in this docket. And the
18 witnesses are available for cross-examination.

19 CHAIRMAN HONIGBERG: Mr. Kreis.

20 MR. KREIS: Thank you, Mr. Chairman.
21 Good morning to you. Good morning to the witnesses.

22 *[Court reporter interruption.]*

23 MR. KREIS: Sure. Yes. I'm slowing
24 learning how closely I need to snuggle up to this.

1 As I ask my questions, the Company
2 witnesses are welcome to decide amongst themselves
3 which of them is best capable of answering anything I
4 ask, and I don't have a lot of questions to ask.

5 **CROSS-EXAMINATION**

6 BY MR. KREIS:

7 Q. My first question has to do with the prior period over
8 collection of "\$153,941". And I'm wondering why that
9 number is so high this time around?

10 A. (Simek) When we first acquired -- I'm sorry, when we
11 first acquired Keene, there were accounting practices
12 that Keene had followed that weren't consistent with
13 the way that EnergyNorth had done their accounting,
14 mainly accounting for unbilled sales and costs. So,
15 when we went ahead and began providing the same type of
16 accounting treatment that we do with EnergyNorth, and
17 we had an overrun back in the 2015 period, there was
18 the large \$153,000 over collection that is now being
19 taken into account.

20 Q. Is it possible to do anything to reduce that during the
21 interim changes that you make in between cost of gas
22 filings?

23 A. (Simek) Well, the changes we'll make, we do an analysis
24 each month to see where the market's at, and we make

1 the adjustments appropriately. The over/under
2 collection is based on a prior period, and we don't
3 change that. That's already taken into account with
4 the beginning rate.

5 It is a large impact. It is only
6 \$153,000. But, with Keene being small, and it is
7 appropriate to give that money back as soon as
8 possible, it does have approximately a 48 cents impact
9 on the price. But, again, it is the appropriate action
10 to give it back to consumers.

11 Q. Sure. But it is a lot bigger than the over collection
12 that we were talking about a year ago, true?

13 A. (Simek) Well, the over collection a year ago, again,
14 was based on the way accounting was done with previous
15 ownership.

16 Q. Understood. I want to talk a little bit about the
17 Propane Purchasing Stabilization Plan. And, just in
18 general, what risks do you consider in deciding to
19 prepurchase propane for the coming cost of gas period?
20 And do you embark on a sophisticated analytical process
21 or is it sort of back-of-the-envelope?

22 A. (DaFonte) Let me think how I should answer that one.
23 Well, you know, hedging, by nature, you know, there are
24 inherent risks that the price that you hedge at will be

1 below market or, you know, above market in the risk
2 category. We try to go out and hedge to prevent the
3 spikes in propane prices that we've seen over the past
4 few winters. This winter is certainly not one of
5 those. But it's really designed to insulate
6 residential customers primarily from these price
7 spikes. And the hedging volume that we do is only
8 about 65 percent. So, there still is some -- some
9 volatility in there. But, really, the risk that you're
10 asking about is really that the ultimate price is above
11 market.

12 Q. So, what I'm really trying to get at, though, is
13 whether the Company is really thinking about this from
14 the standpoint of consumers, and whether it ever
15 considers not even offering a price stabilization plan
16 when the cost of insulating oneself from the risk isn't
17 really worth the reward?

18 A. (DaFonte) And, under this program, there are really no
19 additional costs, meaning that what we're physically
20 hedging, it's not a financial hedge. So, we actually
21 are just going out with requests for proposal, we get
22 bids from several propane suppliers, and what they're
23 essentially doing is locking in the price for us
24 physically. So, we actually end up buying the product

1 from them, as opposed to a financial hedge that then
2 gets reconciled to the actual physical price.

3 Q. Okay. And I guess my last question, I was noticing, as
4 I was -- this being my first Keene cost of gas
5 proceeding, I was looking back at some of the things
6 that had been talked about in previous Keene cost of
7 gas proceedings. And one interesting question that got
8 asked a couple of hearings ago was what the prospects
9 are for ultimately converting Keene's propane customers
10 over to natural gas? And I know that the Company is
11 looking at providing natural gas service farther up the
12 Connecticut River. And I'm wondering what the
13 Company's outlook is for eventually moving Keene over
14 to actual natural gas service?

15 A. (DaFonte) A good question. We're actually, right now,
16 in the process of going through a request for proposal
17 for a CNG or LNG, or both, type of service for a
18 portion of the Keene system, the portion that we call
19 the "High Line". That line is typically one that there
20 have been some issues with, in terms of the mix of air
21 and propane there, and the air compressor has had a few
22 problems over the years, certainly before our
23 acquisition of the company as well. But we see that as
24 something that could be controlled and replaced by a

[WITNESS PANEL: DaFonte~Simek]

1 CNG or LNG service. And we've already issued the RFP.
2 We've received bids back on the RFP, and we're in the
3 process of doing some analysis on that. And we hope to
4 set up a meeting with Staff and OCA to discuss the
5 potential for possibly even getting that portion of the
6 system on natural gas for this upcoming winter period.

7 MR. KREIS: Thank you. That's all I
8 have.

9 CHAIRMAN HONIGBERG: Ms. Patterson.

10 MS. PATTERSON: Thank you.

11 BY MS. PATTERSON:

12 Q. Following up, Mr. DaFonte, about the -- oh, no, I'm
13 sorry, Mr. Simek. You were asked about the testimony
14 on Bates Page 7, at the top, which talks about the over
15 collection for the prior period and how that is related
16 to accounting changes. Could you -- you may have
17 discussed this in the last cost of gas hearing, but
18 could you just summarize what those changes entailed
19 please.

20 A. (Simek) Yes. The previous ownership of Keene never
21 took into account any unbilled sales. So, meaning
22 that, if you had a customer who was billed from the
23 15th of the month to the 15th of the month, only those
24 first 15 days will be included, and there were no

1 accruals that were taken into account the other 15 days
2 of billing.

3 Consistent with the way EnergyNorth does
4 their unbilled analysis and accounting treatment, we
5 implemented doing the same with Keene after
6 acquisition.

7 Q. Thank you. And, I believe, now that you're saying
8 that, you may have mentioned that earlier in response
9 to a question. I appreciate your repeating that. And
10 you based the calculations on the future prices dated
11 March 11. Similar to the question that I asked earlier
12 at the hearing this morning, have the prices changed
13 since that time?

14 A. (Simek) They have. If we took into account the
15 Thursday, April 7th, NYMEX Settlement prices, there
16 would be -- that was the only -- the only change of
17 NYMEX, there would be a decrease of 13.1 percent, and
18 the rate would go down to 0.3491 per therm.

19 When we take into account, looking at
20 the future market, we also look at supplier quotes as
21 well. And, so, the model isn't truly driven just by
22 NYMEX. So, the 13.1 percent isn't a fair estimate of
23 where rates would go when we did a full analysis of
24 what we thought should be the change.

1 Q. Uh-huh. But, to the extent that they do impact the
2 rates, that will be calculated and factored into the
3 calculation that the Company does for its monthly
4 trigger filings?

5 A. (Simek) Absolutely.

6 Q. Thank you. You also talk, on Bates Page 7, about the
7 rate -- the Propane Purchase Stabilization Plan. And
8 could you just give us an example of how that program
9 works, some examples perhaps from the Company's
10 experience?

11 A. (DaFonte) Sure. The way the program works is that we
12 go out and prepurchase essentially 725,000 gallons of
13 propane, which are then delivered throughout the winter
14 period. And, again, this is just for the winter that
15 we hedge. And that volume is hedged based on a
16 specific point in time. And, then, when we do receive
17 the propane, that's when we actually pay for it. So,
18 when I say "prepurchase", we're really just locking in
19 the price. We're not paying for it until the
20 deliveries are actually made.

21 Q. You're locking in your commitment to take that physical
22 gas?

23 A. (DaFonte) Correct.

24 Q. And that you pay what you pay based on the price at the

1 time that the gas is taken?

2 A. (DaFonte) No. Well, we pay a fixed price that we had
3 already locked in --

4 Q. I see.

5 A. (DaFonte) -- as part of the hedge. So, we'll do that
6 during the summer period. And, then, when it gets
7 delivered, it's delivered at the price that we've
8 locked in, and that's when we, you know, we make
9 payment. So, I just didn't want it to be confusing
10 that, when we say "prepurchase", that we're actually
11 paying for the product up front. We're just locking in
12 the price up front.

13 Q. Committing to pay for it at some point in the future?

14 A. (DaFonte) Correct.

15 Q. And, to the extent that the Company can, you'll use
16 your mitigate -- your mitigation efforts to release
17 that supply, if you don't need it?

18 A. (DaFonte) Well, typically, you know, we're only
19 purchasing 65 percent of our needs. So, you know,
20 we -- that's, even under the extreme warm weather that
21 we saw this winter, the demand was, you know, much
22 higher than the 725,000 gallons that we purchased. So,
23 we don't hedge or we don't over-hedge, --

24 Q. Uh-huh.

1 A. (DaFonte) -- so that we have to, in some ways, resell
2 that volume.

3 Q. Uh-huh. Okay. Because you're probably paying a
4 premium to hedge it in the first place, you'd likely
5 use the volumes that you hedge. Would you agree with
6 that?

7 A. (DaFonte) Yes. You know, the "premium" aspect of it,
8 you know, it really is just a market quote.

9 Q. Uh-huh.

10 A. (DaFonte) So, it's, you know, it's a competitive bid
11 process.

12 Q. Uh-huh.

13 A. I'm sure that there is some margin in there.

14 Q. Uh-huh.

15 A. Like, for any purchase that we make, there's going to
16 be a margin in it for the supplier. But it's not a
17 "premium" in the sense that you would see under a
18 financial hedging transaction.

19 Q. Okay. And would you agree -- you did respond to some
20 questions from the OCA about the program and about
21 the -- kind of the cost-effectiveness of the program
22 from the perspective of the customer. And I know that
23 over the years the Company has been open to talking
24 about what's working and what's not working, in terms

1 of how it manages the risks of the price and volume --
2 the price and volume risk that the Company and customer
3 face. Do you agree that that would be something the
4 Company would be open to continuing having a
5 conversation about?

6 A. (DaFonte) Sure. I think it's important to understand
7 the market. If the volatility in the propane market
8 were not there, then that would maybe be a reason to
9 maybe either reduce or eliminate the hedging volume.
10 So, it really depends on the reaction of the market.
11 And, when you look at a winter like we've just come off
12 of, I don't think that's necessarily representative,
13 given that, you know, in the prior three or four
14 winters you did see more volatility in the marketplace.
15 But it's certainly something we'll continue to monitor.

16 And getting back to a question that OCA
17 asked previously, which is the conversion of the system
18 to natural gas, clearly, if we undertake that process,
19 then the hedging of propane would also have to change
20 as well.

21 Q. Sure.

22 A. (DaFonte) It would be, you know, something more in line
23 with maybe what we do with EnergyNorth in that regard.

24 Q. Okay. Thank you. And you also reference that you

[WITNESS PANEL: DaFonte~Simek]

1 were, in your testimony, you had "not yet issued the
2 RFP for the 2016-2017 Propane Stabilization Program",
3 at the bottom of Bates 9. What is the status of that
4 RFP at this point in time, now that we're in April?

5 A. (DaFonte) We did issue that last week.

6 Q. Okay.

7 A. (DaFonte) So, we should be getting bids back at the end
8 of this week, and then we'll determine our -- the
9 winning bidder for the Price Stabilization Program.

10 Q. Do you have a typical list of individuals or companies
11 that you submit the RFP to for responses?

12 A. (DaFonte) Yes. We have five or six companies that we
13 typically will submit the RFP to.

14 Q. Uh-huh. Okay. And I guess my only other question,
15 were there any changes to the methodologies that the
16 Company used from prior period cost of gas filings that
17 you used in this case?

18 A. (DaFonte) None.

19 A. (Simek) From my perspective, it was just how we started
20 incorporating the accounting changes.

21 MS. PATTERSON: Okay. Thank you so
22 much.

23 WITNESS SIMEK: Thanks.

24 MS. PATTERSON: I have no further

[WITNESS PANEL: DaFonte~Simek]

1 questions.

2 CHAIRMAN HONIGBERG: Commissioner Scott.

3 COMMISSIONER SCOTT: Thank you. And,
4 good morning again.

5 WITNESS DaFONTE: Good morning.

6 WITNESS SIMEK: Good morning.

7 BY COMMISSIONER SCOTT:

8 Q. I want to got back to the Price Stabilization --
9 Purchasing Stabilization Plan. So, I just want to get
10 a better feel for it. So, you do your RFP, and, as you
11 say, so, the RFP, some bidder says "I'll provide
12 propane at X price." Is there a minimum that they're
13 bidding on? Or, is it just, when you do your open
14 season, so to speak, for customers, and a number of
15 customers sign up for it, what happens happens? Or, is
16 there a minimum amount you have to figure out and guess
17 what's -- who's going to enroll?

18 A. (DaFonte) We don't have a fixed price option program in
19 Keene. It really is a Stabilization Program for all
20 customers that take service --

21 Q. Okay.

22 A. (DaFonte) -- in Keene. So, you don't have to sign up
23 for it. It's just the Company's way of trying to
24 minimize the volatility in the propane market.

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1 Q. So, how do you arrive at what percent you're going to
2 do that for, I guess? Right now, it's 65 percent, I
3 notice?

4 A. (DaFonte) Yes. And that 65 percent has been there for
5 the last two or three years. The volumes in the
6 system, the requirements haven't really changed much
7 over the last couple years. It's, you know, pretty
8 stagnant in terms of growth and in terms of attrition.
9 So, the 65 percent that was agreed on, I assume, by our
10 predecessor company, has remained in place. And it's
11 reasonable insofar as it's about 65 percent, so you
12 would essentially have to have maybe 40 percent or so
13 warmer-than-normal weather, which is, as warm as it was
14 this winter, it still wasn't that warm. So, the volume
15 is low enough so that we will take it, and then it's
16 not -- it's not so low that it doesn't, you know,
17 prevent or mitigate the price volatility. So, it does
18 help with that, and we've seen that over the years,
19 where we've been able to minimize extreme price spikes.

20 Q. I understand you don't have a long history at that
21 particular location, perhaps you have data from your
22 predecessor. Do you have -- do you do an analysis of,
23 if you hadn't hedged, what the price would be, if
24 there's a difference, or the advantage or disadvantage

1 for a given year?

2 A. (DaFonte) Yes, we do. And that -- we believe we
3 present that every year in the winter cost of gas
4 filing. We look at the comparison of what the locked
5 in price was versus what we would have been able to
6 purchase on the spot market.

7 Q. Thank you. You mentioned earlier the issues -- the
8 air-propane mixture issues with the air compressor.
9 Are you seeing any impact on customers based on that?
10 Are customers migrating away from propane service
11 because of that?

12 A. (DaFonte) We haven't really seen any kind of
13 significant attrition. Our number of customers is
14 still I think approximately the same as it was when we
15 acquired the company. So, we really haven't seen any
16 attrition there.

17 Q. And, on Bates 6, on Line 3, you mention a "pipeline
18 rate increase". Can you explain how that relates to
19 propane for me?

20 A. (DaFonte) You know, a good majority of the propane is
21 transported up to Selkirk from Texas, Mont Belvieu
22 point in Texas, and that comes up through a pipeline
23 that has a rate structure whereby they can, at times,
24 change the rate. And, so, that rate increase would

1 simply be passed on to the purchaser of the propane at
2 the Selkirk facility. And, if we buy at Selkirk, which
3 we do at times, then there would -- we would see a
4 corresponding increase, we would expect to see that.

5 COMMISSIONER SCOTT: Thank you.

6 CHAIRMAN HONIGBERG: Commissioner
7 Bailey?

8 COMMISSIONER BAILEY: No questions.

9 CHAIRMAN HONIGBERG: I have no
10 questions.

11 Mr. Sheehan, do you have any further
12 questions for your witnesses?

13 MR. SHEEHAN: I do not.

14 CHAIRMAN HONIGBERG: All right. There's
15 nothing else we need to do with the witnesses, they are
16 excused, but should probably just stay where they are.

17 We'll strike the ID from Exhibit 1 as a
18 full exhibit.

19 And, if there's nothing else, we'll let
20 you sum up. Mr. Kreis.

21 MR. KREIS: Mr. Chairman, beyond warmly
22 encouraging the Company to make that transition to
23 bills-rendered on a service -- or, implementing the
24 rate changes on a service-rendered basis the next time

1 we all convene to talk about this, the OCA believes
2 that it is in the public interest for the Commission to
3 adopt the proposed cost of gas rates as proposed by the
4 Company.

5 CHAIRMAN HONIGBERG: Ms. Patterson.

6 MS. PATTERSON: Thank you. The Staff
7 supports the Company's proposed cost of gas rate.

8 I would just note that I think that the
9 issue of the bills-rendered versus service-rendered
10 issue is a little bit more complicated than just
11 changing the way the Company, through the Keene
12 Division, issues the bills. Staff, when the
13 acquisition occurred, my recollection is that Staff had
14 concerns about shifting the rates and keeping the rates
15 separate. And I believe that, unless and until Keene
16 develops the adequate, if they needed to develop some
17 sort of system or software in order to do it
18 differently, and that it may not be, at this point --
19 it would require a lot of discussion and investigation
20 to change the rates and consolidate them.

21 CHAIRMAN HONIGBERG: And it's clearly
22 not before us in this docket, correct?

23 MS. PATTERSON: Yes, it isn't. Thank
24 you.

1 CHAIRMAN HONIGBERG: Mr. Sheehan.

2 MR. SHEEHAN: Thank you. Just to finish
3 that point, the basis for the waiver is that we were
4 prevented from making changes with the Keene system, at
5 least for a time period, until the dust settled. And
6 this would have been a very expensive change, and, as
7 Rorie mentioned, it would be at the cost of the Keene
8 ratepayers. So, it was a -- partly following the
9 acquisition order not to make changes, and partly, even
10 if we wanted to, it would not be cost-effective this
11 time, until the Keene customers are rolled into the
12 EnergyNorth system. So, that is the basis for the
13 request, and I understand there's no objection.

14 Second, just a quick follow-up on
15 Mr. DaFonte's description of the plans. The High Line
16 is the so-called "high pressure" part of the Keene
17 system, although "high pressure" in Keene is 3.5
18 pounds. And the plan is to --

19 CHAIRMAN HONIGBERG: Mr. Sheehan,
20 shouldn't you have asked Mr. DaFonte this, --

21 MR. SHEEHAN: Fair enough.

22 CHAIRMAN HONIGBERG: -- if you wanted to
23 provide this information?

24 MR. SHEEHAN: It's not to provide facts,

1 Commissioner. It's just to say that we are evaluating
2 that, and we expect to make a filing soon. And we're,
3 I guess, sensitizing the Commission and the other
4 parties that we will be asking for fair and quick
5 review, if we hope to get this in for next fall. So,
6 that's all I wanted to say.

7 CHAIRMAN HONIGBERG: And you know you'll
8 get fair review.

9 MR. SHEEHAN: I know that. It's the
10 timing issue what this one is coming down to, is really
11 what I wanted to mention. And not that you have
12 control over that, but just to let you know that we're
13 very sensitive to that.

14 CHAIRMAN HONIGBERG: And circling back
15 to the cost of gas filing before us.

16 MR. SHEEHAN: Thank you, and I
17 apologize. We ask that you approve the proposed rates
18 as just and reasonable. They're based on reasonable
19 forecasts and will result in an appropriate cost of gas
20 for Keene for the summer period. Thank you.

21 CHAIRMAN HONIGBERG: Thank you all. We
22 will take this under advisement and issue an order as
23 quickly as we can. We are adjourned.

24 ***(Whereupon the hearing was adjourned at 11:03 a.m.)***