

DG 00-074

**NEW HAMPSHIRE GAS CORPORATION**

**2000 Summer Cost of Gas**

**Order Approving the Cost of Gas**

**O R D E R    N O.    23,448**

**April 28, 2000**

**APPEARANCES:** Ransmeier & Spellman by Dom S. D'Ambruso, Esq. on behalf of New Hampshire Gas Corporation; and Larry S. Eckhaus, Esq., for the Staff of the New Hampshire Public Utilities Commission.

**I.    PROCEDURAL HISTORY**

On March 31, 2000, New Hampshire Gas Corporation (NHGC), a public utility engaged in the business of distributing propane-air in Keene, New Hampshire, filed with the New Hampshire Public Utilities Commission (Commission) its Cost of Gas (COG) for the period May 1, 2000 through October 31, 2000. NHGC's filing was accompanied by the pre-filed testimony and supporting attachments of John F. DiBernardo, Assistant General Manager for NHGC.

An Order of Notice was issued setting a hearing for April 25, 2000. NHGC informed customers of the impending change by publishing a copy of the Order of Notice in the *Keene Sentinel* on April 8, 2000.

There were no intervenors in this docket. A duly noticed hearing on the merits was held at the Commission on

April 25, 2000.

## II. POSITIONS OF THE PARTIES AND STAFF

### A. New Hampshire Gas Corporation

NHGC witness John F. DiBernardo, Assistant General Manager, addressed the following issues: 1) calculation of the revised COG and the impact on customer bills; and 2) reasons contributing to the increased rate.

#### 1. Calculation and Customer Impact of the Revised COG

The proposed 2000 Summer COG rate of \$0.7472 per therm was calculated by increasing the anticipated cost of gas of \$167,009 by a prior period under-collection and related interest of \$16,081 and dividing the resulting anticipated costs of \$183,090 by projected therm sales of 245,025.

NHGC's proposed 2000 Summer COG rate is \$0.7472 per therm, representing an increase of \$0.2961 per therm from the 1999 average Summer COG rate of \$0.4511 per therm.

The proposed 2000 Summer COG rate of \$0.7472 per therm was calculated by using the weighted average cost of propane based on propane market futures prices on March 27, 2000 for the months of May 2000 through October 2000.

The \$0.2961 per therm increase in the Summer COG rate would cause an increase of \$5.92 (24%) in the average monthly bill of a typical residential heating customer and a

\$30.79 (29%) increase in the average monthly bill of a typical commercial heating customer.

## **2. Factors Contributing to the Increased COG**

Mr. DiBernardo explained that propane prices began increasing last summer and peaked during the cold spell of late January and early February 2000, and although prices have receded somewhat, they are still substantially higher than a year ago. When preparing the 2000 Summer COG filing, the cost of propane was \$0.5735 per gallon as compared to \$0.3513 per gallon in 1999, a 63% increase.

Another factor contributing to the rate increase is a prior period under-collection of \$16,081 to be recovered in the 2000 Summer period, a 10% increase in the projected costs to be recovered. The 1999 Summer COG rate was designed to return a prior period over-collection of 13,243, a 12% reduction in the proposed cost.

### **B. Staff**

Staff stated that it had reviewed the filing and recommended that the Commission approve the proposed COG as filed.

## **III. COMMISSION ANALYSIS**

After careful review of the record in this docket, we find that NHGC's proposed 2000 Summer COG rate will result

in just and reasonable rates and, therefore, we will approve the rates for effect May 1, 2000.

**Based upon the foregoing, it is hereby**

**ORDERED,** that NHGC's 5th Revised Page 25 -

Calculation of the Cost of Gas, providing for a Summer COG rate of \$0.7472 per therm for the period May 1, 2000 through October 31, 2000, is APPROVED effective for bills rendered on or after May 1, 2000; and it is

**FURTHER ORDERED,** that NHGC may, without further Commission action, adjust the approved Summer COG rate of \$0.7472 per therm upward or downward monthly based on NHGC's calculation of the projected over or under-collection for the period, but the cumulative adjustments shall not vary more than ten percent (10%) from the approved unit cost of gas (or \$0.0747 per therm) and can not change more than ten percent (10%) in any given month; and it is

**FURTHER ORDERED,** that NHGC shall provide the Commission with its monthly calculation of the projected over or under- calculation, along with the resulting revised COG rate for the subsequent month, not less than five (5) business days prior to the first day of the subsequent month. NHGC shall include a revised tariff page 25 - Calculation of Cost of Gas and revised rate schedules if NHGC elects to adjust the

COG rate; and it is

**FURTHER ORDERED,** that the over or under-collection shall accrue interest at the Prime Rate as reported in the *Wall Street Journal*. The rate is to be adjusted each quarter using the rate reported on the first business day of the month preceding the first month of the quarter; and it is

**FURTHER ORDERED,** that NHGC shall file properly annotated tariff pages in compliance with this Order no later than 15 days from the issuance date of this Order, as required by N.H. Admin. Rules, Puc 1603.

By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of April, 2000.

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Douglas L. Patch  
Chairman

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Thomas B. Getz  
Executive Director and Secretary