MAINE PUBLIC UTILITIES COMMISSION
AUGUSTA, MAINE

IN RE:)
NORTHERN UTILITIES, INC.) Docket No. 2015-041
d/b/a UNITIL) July 16, 2015
)

Request for Approval of 2015 Summer Period Cost of Gas Adjustment

APPEARANCES:

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MARK ROBERTS, Sprague Energy

CONFERENCE COMMENCED (July 16, 2015, 10:01 a.m.)

MR. SIMPSON: Good morning. This is a technical conference before the Maine Public Utilities Commission, docket number 2015-00041 which is Northern's proposed cost of gas factor for May 2015 through October 2015. At this point I'd like to take appearances, and then we can talk about we are here today. My name is Chris Simpson; I'm a Hearing Examiner in this case. I'd like the rest of staff to introduce themselves, please.

MS. SMITH: Lucretia Smith.

MS. COOK: Christ Cook.

MR. SIMPSON: Thank you. And then let's do the people who here are in the room, and then when we are done with that, we'll do people who are on the telebridge. Liam, would you start please?

MR. PASKVAN: Good morning. Liam Paskvan from Pierce Atwood on behalf of Unitil.

MR. EPLER: Gary Epler, counsel for Northern Utilities. Morning.

MR. KAHL: Christopher Kahl, senior regulatory analyst, Unitil Corporate Services.

MR. WELLS: Good morning. I'm Francis Wells with Unitil.

MR. SIMMONS: George Simmons with Unitil.

MS. FRENCH: Patricia French with the law firm of

Bernstein Shur on behalf of Global Montello Group Corp. and Sprague Operating Resources.

MR. CREAMER: Robert Creamer, Office of Public Advocate.

MR. SIMPSON: Okay. That's it for the people who are in the hearing room. Let's go to the people who are on the telebridge now please. Could you identify your name and affiliate, please?

MR. ROBERTS: Sure. Mark Roberts, Sprague Energy.

MR. ROSENKRANZ: John Rosenkranz, consultant for the Maine Public Advocate.

MR. SIMPSON: Is there anyone else on the telebridge? Okay, thank you. We're here this morning to follow up on information that was requested through a Procedural Order that was issued on May 12th. There were a variety of questions to Northern propounded in that Procedural Order, and Northern has responded. And I would like to allow for a discussion of that response and any other comments relating to that particular response from Northern. Do the parties have a preference for how we proceed, the order in which we proceed? Patricia?

MS. FRENCH: I guess I -- I was -- I recognize that the questions that were propounded by staff on Northern were related to the Commission's order asking for additional information.

MR. SIMPSON: Yes.

MS. FRENCH: We would have disagreements with some of these, different interpretations.

MR. SIMPSON: Yes.

MS. FRENCH: And so we're wondering about, going forward, whether or not there would be the opportunity for us to put in a statement of our position or testimony related to the disagreements we might have with the characterizations provided by the company.

MR. SIMPSON: Are you talking about doing that orally today or are you talking about doing it in writing?

MS. FRENCH: Talking about doing it in writing, yeah. We do not have anybody prepared today to present a case.

MR. SIMPSON: Okay. Let's talk about the timing issues that are implicated by that. Yes, go ahead.

MR. EPLER: I mean, it would seem, given this May order, and that it says at the end, "... to further explore these and other issues raised by Global/Sprague's proposed direct (inaudible) methodology ..." that there was an opportunity to file something so that, you know, we could more efficiently handle the administration of the docket. And now to -- to find out that they want to file something else after this tech session, I'm -- I'm surprised to hear that. There was certainly sufficient time for them to file something.

MR. SIMPSON: My understanding is that the -- the genesis of these issues came out of the exceptions that the marketers filed. And in the Commission's order, the Commissioners said we are going to hold on this issue so that more information can be gathered regarding the issue so that the Commission will have a full record upon which to make a final decision regarding the issues that were raised in the marketers' exceptions to the Examiner's Report. And so I had not contemplated another phase of testimony and presumably discovery on that. I understand that there are timing issues in terms of getting a decision on this. Perhaps the parties could inform me about what those timing issues are or whether they're -- do you -- does the company need a decision on this by a certain time or what's driving that, if anything?

MS. FRENCH: Mr. Simpson?

MR. SIMPSON: Yes.

MS. FRENCH: We did file testimony on this same issue in New Hampshire, and we would -- our testimony wouldn't be -- or our opposition statement wouldn't be markedly different. So we would be able to actually prepare and file something very quickly.

MR. SIMPSON: Okay. Thanks.

MR. KAHL: Yes, the -- this issue needs to be settled so that when the company submits its winter cost of gas filing, it has that information, that can be incorporated into the winter cost of gas filing. That's due August 15th. That's the day it needs to be filed. There's a long process in terms of incorporating costs, splitting them out by divisions, splitting them out by rate class that needs to happen before that filing gets made. So -- you have anything else to add?

MR. WELLS: Yeah, from the company's standpoint, you know, resolution of this issue as soon as possible is -- is preferable.

MR. SIMPSON: Okay. How long do you think you would need to file this testimony? You said it's very similar to what you already filed in New Hampshire?

MS. FRENCH: Yes, looking at Mark because he's on the phone, and I think Dennis just joined, we'd probably be able to file it by the end of next week. I don't see a problem with that.

MS. COOK: Chris, can you remind me, Lucretia probably understands this better than I do, but -- but in the winter cost of gas filing, you file an update as well. What --

MR. KAHL: That's correct.

MS. COOK: When is that usually done?

MR. KAHL: That's late September, early October.

MS. COOK: Okay. And then the rates are rates that take effect on November 1st, is that right?

MR. KAHL: Yes.

MS. COOK: Okay. Thank you.

MR. KAHL: I'd just like to add that when we do the updated filing, we reflect what has changed, and often it's not very much. Sometimes it's only the NYMEX costs so we can make a more concise revised filing that only addresses those issues. If we go back and look at demand costs, that impacts almost all of the demand-related schedules. So just for the record.

MS. SMITH: Let me just ask another clarifying question. The -- because I know you mentioned all of the process, but the allocation between Maine and New Hampshire would not be dependent on the decision of how this refund is -- is gone to -- done towards customers in Maine, correct?

MR. KAHL: That's correct.

MS. SMITH: So that's one step that's -- that's not reliant on this and this is going from my memory of -- which, granted, I have a lot of memory of looking at your cost of gas calculations. But this is my understanding, is one line in your calculation, the refund is how it was done in past years is basically one line in the -- in the spreadsheet that then flows through everything. I'm not say that it's not -- doesn't affect every number once it's done, but it's not -- and that's one of my questions when we get into it is -- is the complication -- how complicated it is to do things differently. So -- so the one step, the allocation between Maine and New Hampshire, isn't reliant on it. The allocation between classes isn't reliant on it, is it?

MR. KAHL: I'd have to take a look.

MS. SMITH: Okay.

MR. KAHL: But I think you're familiar with how the -- the filing is set up where we start with Schedule 1, and Schedule 1 is the split between divisions. So that -- that schedule would not be impacted. When we get to Schedule 2, I think we would be impacted at that point and then number of the schedules after that.

MS. SMITH: Okay.

MR. SIMPSON: In preparing for this technical conference, I was hoping to come up with a process that would allow the Commissioners to deliberate this on Tuesday, August 11th. Those are the delibs immediately prior to the 15th which is the date that I understand the company would like a decision if possible, and I'm wondering if that's still a possibility here. I would also like to give Sprague/Curtis an -- or yeah, Global/Sprague, sorry, an opportunity to file some written testimony. Would -- today is the 16th. Would it be possible for Global/Sprague to file on -- a week from today? That's the 23rd.

MS. FRENCH: Yes.

MR. SIMPSON: Okay. And --

MS. SMITH: I was --

MR. SIMPSON: Go ahead.

MS. SMITH: August 15th is a Saturday so you could --

MR. KAHL: We intend to file on the 14th.

MS. SMITH: Okay. I guess the next question is whether Northern will need to have or want to have time for (inaudible) question or the filing made by Global/Sprague.

MR. EPLER: Well, certainly now if they're going to be filing testimony, yes, we would want an opportunity for discovery and an opportunity for -- for a tech session just similar to what -- what has been afforded to other parties.

MS. FRENCH: Since the company is aware of our position, they -- you know, they asked for significant amounts of discovery in New Hampshire, perhaps we could skip the written discovery and just go directly to a tech session.

MR. EPLER: Well, the same basis, you've been aware of our position for quite some time and you could have had your testimony in. You could have offered it a lot earlier. So I'm -- I'm not willing to -- to give up an opportunity to have discovery first before we go to hearing -- before we go to a tech session.

MS. SMITH: Can I --

MR. EPLER: Because in the tech session then I wind up with ODRs and -- and you know, who knows what I see and then don't have an opportunity to follow up with -- with questions.

MR. SIMPSON: Lucretia?

MS. SMITH: I was looking at -- I'm looking at the calendar because this is a -- this is a shorter period of time. I understand the -- the need for the August 15th filing, but again, that is updated so if we can't come to a conclusion, there is a possibility that that could be adjusted. Trish, is there a way that instead of a week, that you could make the filing like on the 21st? Let me say this is what I'm thinking, the 21st with -- 21st or midday on the 22nd with data requests due on the 24th with a tech session possibly on the 28th, and then what's going to happen is we're going to have a very short time for an Examiner's Report and exceptions on the Examiner's Report because all of that has to be to the Commission by the --

MR. SIMPSON: 6th.

MS. SMITH: -- 5th filed.

MR. SIMPSON: Yeah, that's right.

MS. SMITH: Filed by the 5th, the exceptions and such, for consideration on the 11th.

MR. KAHL: I'm sorry?

MS. SMITH: If we -- if we were to grant an additional week for the cost of gas filing?

MR. SIMPSON: I'm sorry?

MS. SMITH: If we were to grant -- and I'm actually not even positive that -- I need to look at the statutes if we can -- if we could grant an additional week for the cost of gas filing -- as I say that, I just want to look to make sure that -- right now there are deliberations scheduled on the 18th. But let's get to the first question as to whether you could file the -- make your filing by the 21st.

MS. FRENCH: Mark and Dennis?

MR. ROBERTS: I think from a timing perspective, that's do-able --

MR. SIMPSON: Excuse me just one sec, excuse me. For the -- for the reporter, could you please identify yourself? I'm sorry.

MR. ROBERTS: I apologize. Mark Roberts, Sprague.

MR. SIMPSON: Thank you.

MR. ROBERTS: From -- from a timing perspective, if we were to provide testimony, we could certainly get it done in that timeframe.

MS. FRENCH: And then, Mark, would you be available on the -- on the 28th -- is that the date you said, Lucretia -- for a tech session?

MS. SMITH: I haven't -- that was the date that I was looking at. I haven't even actually opened anyone else's calendars to see whether it's actually available but --

MS. FRENCH: Yeah, we would have to focus on the middle of the weeks, Tuesday, Wednesday, Thursday. Tuesday, Wednesday would probably be preferable. Or Wednesday would probably be a preferable day for Mark.

MR. ROBERTS: I think -- yes --

MS. FRENCH: Or even the first week in August if we went into that next week, but I understand that's pushing it.

MR. ROBERTS: Yeah, are we -- are we anticipating a break during this session?

MS. SMITH: We could certainly take a break during this session.

MR. ROBERTS: That would be -- that would be helpful. That would allow us to just discuss this briefly and then Trish can address this more accurately and we can have -- have all the answers for you that you need so we can get this scheduled properly.

MR. SIMPSON: Does it make sense for us to take that break now? It feels to me like it does.

MR. ROBERTS: Okay.

MR. SIMPSON: Why don't we take a break to allow the parties to caucus.

MS. FRENCH: Okay, thank you.

MR. SIMPSON: Sure.

CONFERENCE RECESSED (July 16, 2015, 10:18 a.m.)

CONFERENCE RESUMED (July 16, 2015, 10:27 a.m.)

MR. SIMPSON: Let's go back on the record. And before you say anything, I just want to check in. I heard a couple of beeps on the telebridge. Could the people who are connected by telebridge please identify yourselves? I just want to know if we have any additional people on the line.

MS. MICHALEK: This is Jane Michalek at Global, at Dennis Bowersox is about to call back in.

MR. SIMPSON: Okay.

MS. FRENCH: And Mark Roberts will be calling back in too. Both Dennis and Mark stepped off so that we could talk.

MS. SMITH: Could you please re-identify yourself? The hearing reporter couldn't get the spelling of your name.

MS. MICHALEK: Sure, it's Jane M I C H A L E K.

MS. FRENCH: Michalek.

MS. SMITH: All right, thank you.

MR. SIMPSON: Thank you. Okay, Trish?

MR. KAHL: Excuse me, Lucretia, I just wanted to clarify just one statement I made earlier. Again, going through the -- the schedules, Schedule 1 is the divisional split, Schedule 2 is where we determine exactly what Maine's net cost to sales customers would be. And so, yeah, we can't provide that until we know how this situation will be resolved, and then when we talk about splitting it out by rate class, you know, we can't do that. That's, I think, Schedule 4. So that all flows after it so --

MS. SMITH: Oka, thank you.

MR. SIMPSON: Okay. Trish?

MS. FRENCH: We'll have some -- some questions along those line. I guess my first question is to the OPA and ask whether the OPA is going to be filing testimony with this opportunity or not.

MR. CREAMER: Originally we had planned to only monitor this, but I think this case may start to involve more than we had thought. I would like to ask that we have a chance to submit testimony, and I think we could have it in -- it would be very short and we could probably have it in beginning of next week.

MR. SIMPSON: Okay.

MS. FRENCH: So what we talked about on the phone was looking at the responses that we get today and how this tech session goes, we may or may not file testimony. Right now we're on the fence. So we would be prepared to file testimony in the beginning of next week, Tuesday or Wednesday, as Lucretia suggested. However, if we don't, we'll certainly let the parties know and file a letter that indicates that we're -- we're not going to take a position or we'll just file a response to exceptions. And then maybe at that point if -- if the OPA doesn't file testimony and we end up not filing testimony, we can reconvene and -- and look at the schedule and -- and see if it works to move it up.

MR. SIMPSON: Okay. Reactions?

MR. EPLER: Well, you know, as I said earlier, I mean, this matter has been before the Commission for quite some time and -- and the Procedural Order came out May 12th. So we're just pretty surprised to find out a desire to file testimony at this late a date and then, I mean, whatever schedule would -- would follow would -- would collapse, you know, certainly our ability to ask discovery and to get responses and to -- then to be prepared for any follow-on procedures. So -- but you know, we are where we are, and we'll see what happens.

MR. SIMPSON: Okay. Thanks. So Trish, the decision that you will make about whether to or not to file written testimony, when do you think you would be able to make that decision, at what point?

MS. FRENCH: By next Tuesday. So we'll -- we'll file or decide not to file.

MR. SIMPSON: I see. Okay. Okay.

MS. SMITH: Yeah, we did look at the -- the August 15th date is in the rule and it's not in statute. So since it's in the rule, we can waive or modify that so we could actually extend that a week if that would, you know, help anything, you know, towards this because we did talk about a potential schedule which Chris wrote down which is very, very tight, assuming that, you know, there's testimony filed and then -- then questions -- discovery and responses and a tech conference and -- which puts -- puts the -- any Examiner's Report basically August 3rd with exceptions due August 5th to be deliberated on August 11th. So -- so that's kind of the tight schedule that we would be looking at if testimony is filed, but I think what we'll do is I think we should probably just go forward right now. Let's get through -- get through some actual technical conference question type things, and then we can go back to schedule after people have had some time to think about, you know -- because it is still one issue. It's not the -- you know, it's still not a -- you know, looking at the whole -- whole cost of gas filing and all of that. We have -- we have that to look forward to.

MR. SIMPSON: I will just state my preference which is to get this to the Commissioners by the 11th, and hopefully we can do that in a way that works for everybody. I'm confident that we can. So let's -- let's go ahead with the questioning. We can check back in at the end of the technical conference to see if anybody has any more ideas regarding the schedule. How do you want to proceed? Staff want to go first or how do you want to do this.

MS. SMITH: Yeah.

MR. SIMPSON: Okay. I think Lucretia has some questions.

MS. SMITH: I don't -- actually don't have a lot, but I'm going to go through the -- the responses to Examiner's 7. And I've made some -- some notes and then I'll have one general question. On 7-1 I had asked for the capacity assignment rates which you gave, and this is because I honestly can't remember. I know that those rates were impacted by the 2008 PNGTS refund. Do you remember which year of those rates would have been impacted by that refund?

MR. WELLS: I believe it was in 2013/2014 that was impacted by the -- the 2008 PNGTS rate refund but --

MS. SMITH: George, can you move so Fran can get --

MR. WELLS: How's this?

REPORTER: That's better.

MR. SIMPSON: That's better.

MR. WELLS: I apologize. I will try to be mindful of the -- I believe in --

MR. SIMPSON: Still not getting it?

MR. WELLS: No.

MS. COOK: Try a different one, Fran. Can you just slide over?

MS. SMITH: George, can you move so Fran can get to that mic to test that other mic?

MR. WELLS: How's this mic?

MR. SIMPSON: That's much better. Thanks.

MR. WELLS: Am I good? Okay. I believe there was a data response filed in this case that may have had the -- the data that you are requesting related to the -- I believe it was Examiner's -- it was actually set 7-4 I believe, response four. I had -- included in those spreadsheet would have been the designation of the original rate.

MR. KAHL: Excuse me. I'm looking at my testimony from the summer cost of gas filing.

MS. SMITH: Which -- this past year?

MR. KAHL: Yes.

MS. SMITH: Okay.

MR. KAHL: I do have a note in here that the refund was made in 2013 and flowed through to customers in the 2013/2014 CGF and the summer 2014 CGF.

MR. WELLS: So in light of that, I am quite certain it was during the -- the capacity demand rate for the 2013/2014 did reflect the 2008 PNGTS refund.

MS. SMITH: Great, thank you. That's what I thought looking at them, but I -- we've been talking about PNGTS for quite some time.

MR. SIMMONS: Yeah. I have the Commission order in regards to that case, and it does say that there was -- the refund took place at that time in RP-08-306.

MS. SMITH: Okay. EXM 7-2 we just asked you to list the marketers, and it looks like they've been -- you know, with a couple name changes and things like that, but you pretty much have had seven marketers since 2010 going forward. Do you know whether the share of the customers has been consistent during that timeframe as well?

MR. WELLS: I do not believe that the share has been consistent during that time. Some marketers have gained, some have lost, some have exited the market entirely.

MS. SMITH: Okay. So any -- I'm trying -- what I'm trying to figure out is how any refund for costs that were incurred from 2010 forward, if it were to be returned to marketers as paid, whether that would be something that could be possibly done.

MR. WELLS: Oh, it could be done. I mean, I -- I did provide in 7-4 the calculations of what amounts would be done and --

MS. SMITH: Okay.

MR. WELLS: -- you know, I -- I -- the -- the process of paying marketers is not -- you know, we've already calculated the principal amounts which would have overpaid if the Commission were to decide that a refund should be made on that basis.

MS. SMITH: Okay.

MR. WELLS: You know, it -- it would just be a matter of applying interest and paying those -- those marketers. So the -- the process of refunding marketers directly is not itself unduly administratively burdensome.

MS. SMITH: Okay, great. And speaking of the responses to 7-4, could you just take anyone of those, I think there were five responses with different years but -- and just kind of walk us through what you did?

MR. WELLS: Certainly.

MS. SMITH: Let me know which one you're going to pick.

MR. WELLS: I am going to pick the most recent one, the 2014/'15 which is marked Attachment EXM 007-0045.

MS. SMITH: Okay.

MR. WELLS: So I begin with the actual amounts billed to each marketer, and those amounts are summarized on tabs 11, 12, 01, 02, and 03. And so these are the -- simply the amounts that were billed to each marketer based on the demand rates that were presented in I believe it was 7-1.

MS. SMITH: Okay.

MR. WELLS: And then I -- I present what the applicable demand rate was for each year, the calculations of it. This -- this is actually an excerpt from the winter cost of gas filing. It would have been in FXW-4, whatever the final revision was that was ultimately adopted by the Commission.

MS. SMITH: Okay, is that the tab labeled MECM demand rate as billed?

MR. WELLS: That is correct.

MS. SMITH: Okay. Thank you.

MR. WELLS: The next tab is the demand rate adjustment. And so what I have to do here, because the capacity assignment demand rate is based on an average system demand rate, is I have to recalculate what the demand rate would have been had the compliance rates been in effect throughout the period. So what I do here is I take what -- I calculate based on what the costs were, how much the costs would have been lower, and I -- I reduce the line seven that says subtotal capacity costs. I'm, in essence, reducing that by the amount that our PNGTS bill would have been lower by, at least the demand portion thereof, had the compliance rates been in effect throughout the period. So as an example here, the demand costs for the system would have been estimated to be $28,689,665 had the compliance rates been in effect compared to, referring back to the prior tab, 33,160,587. So that demand cost reduction is actually found -- the back-up to it is actually found on the -- the subsequent page, the PNGTS cost estimates.

And so, in essence, as you can see here, I -- I present in that tab -- the amounts that were included in the original rate is on top labeled PNGTS Costs, Amounts Included in Capacity Assignment Demand Rate Subject to Refund in RP-10-796. And for this particular year, we included 12 months of 1997 -- contract 1997-003 and five months of 1997-004. And so the costs on that contract would have -- those two contract would have totaled about 13 million. Based on the compliance rates, as you can see below, it would have been about 8.6 million, the difference being approximately 4.5 million. And so referring back to the rate adjustment tab, I'm basically just taking that 4.5 million and reducing the subtotal capacity costs line and then recalculating the demand rate based on that lower capacity cost.

MS. SMITH: And that's the 4,720?

MR. WELLS: That is correct. So had compliance rates been known at the time of the winter cost of gas filing, it would have been 4,720 rather than 5,438. And then moving to the response tab, which is the actual calculation of the amount, first I present the total amount of volume billed and I provide the -- the capacity assignment demand rate that was actually billed, the 5,438, and it presents, you know, the -- the total cost that was billed which is basically -- and this data was -- this data was actually derived from the bill data that had been previously presented. And then I present what the demand rate would have been assuming the compliance rates. Finally, I am calculating what the demand charges would have been under the rates assuming RP-10-796 compliance rates.

So in summary, we billed $3,750,000 in 2014/'15 of demand costs to the retail marketers. Had the compliance rates been known and included in the demand rate, the actual demand cost would have been 3,255,000. And that's on row 54 of the response tab. And so ultimately, the $495,233 that we calculate as the difference, is based on by subtracting the actual -- you know, is subtracting the actual billed amount from what the rate would have been absent the -- or had been had the RP-10-796 rates been included.

MS. SMITH: Great, thank you. That's what I had thought you had done. And that's consistent with each of the -- each of the years?

MR. WELLS: That is consistent with each of the years. The only difference that you could find is that on the initial year, the -- the PNGTS cost estimates, you know, the initial year, the rate didn't go into effect until December.

MS. SMITH: Okay.

MR. WELLS: So the number of months that it would have applied to would have been slightly less. So the credit in the first year of service would have been based on 11 months of the -- of the pendency of this rate case rather than a complete contract year.

MS. SMITH: Okay, thanks. So does anyone else have questions on those spreadsheets or should I just continue on, then you guys can go back to it? I don't know which -- which is the easiest way to --

MS. FRENCH: I did have questions, but I think that -- that Fran's response clarifies my questions.

MS. SMITH: Okay, great.

MR. CREAMER: John, this is Rob. I know you had a couple questions. Were they on Fran's spreadsheets?

MR. ROSENKRANZ: No, they were not.

MS. SMITH: Okay, great. Okay, then I'm just going to move forward. On 7-5 I just want to make sure that my understanding is the -- is correct of what's -- has actually been company managed and not. So the five-month supply is what has been part of the company-managed costs that have been -- and -- and to -- to say released isn't really the right word but -- but what has been given to the marketers, if you will, that five-month supply. And the 11-month -- or the 12-month supply, the lower amount, has just been included in the calculation of the cost of the demand?

MR. WELLS: That is precisely how I would describe it.

MS. SMITH: Okay, great. And going to GMGC 3-3, I just want to make sure my understanding of what all the numbers in the calculation were is -- is -- that this is just the difference between the estimates that were included in the cost of gas filing and the actual amounts that were -- that were included in the reconciliation?

MR. KAHL: Yes, that's correct.

MS. SMITH: Okay.

MS. FRENCH: I'm sorry, Lucretia, can you ask that -- tell me what that question was again?

MS. SMITH: On GMGC 3-3, my question was is the differences that are like towards the bottom of the responses the differences between the estimates that would have been included in the calculation of the cost of gas and then the actual amounts that were included in the reconciliation. And I believe they said yes.

MS. FRENCH: Thank you.

MS. SMITH: I wanted to make sure I didn't lose my train of thought as I was going through all of the -- the details of the response. I'm just scrolling through because I put all my questions down in a different color so that I would be able to find them easier. Okay, this is my last and probably the biggest question. If the Commission were to agree to flow back a portion of the refund to delivery service over one year but maintain the three-year sales service recovery refund that was -- first off, how would Northern -- you know, I guess what would be the proposal to determine how much of the refund is going to sales service customers versus how much is going to delivery service and would you be able to track those differences given how the capacity assignment rate -- we'll assume -- because I know there's a big case going but assuming that nothing would change in how capacity assignment rates are calculated, would it be possible to make sure that you track the differences? In other words, some customers got the refund back in one lump sum, but you're calculating the demand for the other customers going forward in a three-year period by reducing the overall demand rate. Would you be able to calculate -- recalculate the capacity assignment rate that goes to delivery service customers so they don't effectively get a reduced rate twice?

MR. WELLS: So the calculation of the capacity assignment demand rate would -- is pretty straightforward. So to exclude -- you know, right now we're -- we're proposing to treat the -- the refund as a credit to demand cost for both sales service and delivery service customers. It's a very discrete item. To remove the -- the PNGTS refund from the capacity assignment demand rate calculation is not a complicated process. You know, it would be simple to increase the capacity assignment demand cost to account for the fact that delivery service customers have already been given a one-time credit. I think the more complicated aspect of the proposal would be in if a customer migrates from delivery service to sales service during this period of time is making sure that that customer doesn't receive the credit on their sales service bill so that customers wouldn't be -- you know, to prevent customers getting double refunded.

MR. KAHL: I'm just going to add just a little bit to what Fran said which is, you know, if they got that all in one year, after -- after that time period is over, they can now move -- migrate to sales and then get some of that refund. I believe the -- the approved methodology is 50 percent the first year, 30 the second, 20 the third. So those two years, they -- they get half of that refund.

MS. COOK: Does -- does the -- does that concern apply if the migration were in the other direction? So that if somebody were a sales service customer in the first year, they would only have gotten 50 percent and then if they become a delivery service customer the -- in the second year --

MR. KAHL: They get nothing.

MS. COOK: -- they get nothing. So you've got to track -- the -- the concern is in both directions, is that right?

MR. WELLS: The concern is in both -- I agree with you, the concern is in both directions. If a sales service customer, you know, were to migrate to delivery service, they would forego a portion of the refund that were due. You know, the -- the tracking of customers, you know, in our view, it even pre-dates the -- the getting of the refund. You know, what about the customer that was delivery service for part of the time during the pendency of the rate case and on sales service for part of the time? And so there are, you know, a myriad of, you know, customer tracking and billing issues that I think are raised by the -- the one-time refund methodology that are concerning, and it's part of the reason that we -- you know, our proposal is -- is as it is, is that in our view, this equitably allocates the refund on -- on a uniform basis to both sales service and delivery service in a way that, you know, doesn't require additional tracking. It's -- it's fair. It's -- you know, we believe it's reasonable, and we believe it is the best way to assure that customers, as equitably as possible, receive the benefit of the -- the PNGTS refund.

MS. SMITH: As proposed, the -- the refund portion for delivery service customers would actually not be going to delivery service customers, it'd be going to the marketers, is that correct?

MR. WELLS: As proposed? As proposed, the -- the refund would be a credit to the capacity assignment demand rate. It's our view that this would translate into lower prices that, you know, there -- certainly there are customers that have longer-term deals, that may have, you know, fixed prices, and -- and those deal -- but as those deals watered off, I would expect that, generally speaking, marketers would account for less costs attributable to capacity assignment demand and would -- that would translate into lower prices for them.

MS. COOK: But -- but that -- without judgment, that's -- that's an assessment on your part --

MR. WELLS: I want to be sure that I clarify -- I qualify that with that is my view. I cannot speak to that as a fact.

MR. SIMMONS: Right. I think -- I think what -- what we would say is -- is that when Northern sells gas to sales customers, they would be given a CGA that has a credit within it. When Northern sells gas to marketers who pass it on or whatever they do with their gas costs, it would be similarly discounted. Same amount over the same time period. And we find that to be efficient in the pricing of our product to those two types of customers.

MS. SMITH: If the -- if the Commission were to say that a refund should be given, we'll say, how -- how Fran calculated it in the response to 7-4, of those dollar amounts in a direct refund to marketers, would there be -- there would be no control or no -- no understanding of how -- whether any -- any delivery service customer would actually get the benefit of that refund?

MR. WELLS: I would say --

MS. SMITH: Or Northern would have no --

MR. SIMMONS: We don't know.

MS. SMITH: Okay.

MR. KAHL: Yes, the company believes that our proposed methodology kind of gives us the best assurance that it would flow back to the customer. We don't know, but we think the way it's proposed makes it more likely than any other methodology we can think of.

MS. SMITH: Trish, can you refresh my memory, because I have to admit I didn't go back and read -- read your exceptions, as to whether the marketers -- your proposal was that the demand rate should be reduced in one year by the total refund or whether there should have been a direct refund to the marketers?

MS. FRENCH: The -- Global and Sprague's position is that there should be a direct refund, one-time direct refund, to marketers because -- primarily because the company received it from PNGTS in one payment. It came over as a check. And so it's just a credit right on -- right on their books, right off -- right off the bat. So they've got -- they've -- they've got this -- this refund sitting right there. So yes, it's a -- it's a one-time payment. And it's -- the position is related to the fact that they paid -- as Fran showed in 7-4, they -- they paid directly the increased costs associated with it. Delivery service customers themselves did not pay it, marketers paid it. Whether or not it was passed through in a -- a contract is -- is -- you know, may or may not have. So that -- these are things that we would address in our testimony.

MR. EPLER: When -- when you say that delivery service customers did not pay that, do you have evidence that they did not pay that, that it was not passed through to them?

MS. FRENCH: We can -- we can address this in testimony. I mean, I think you -- you know the answer to that, Gary. I mean, it is --

MR. EPLER: No, I -- I'm sorry, I don't know the answer to that.

MS. FRENCH: -- it depends on the individual contract. Each individual contract weighs a number of different variables which Mark or Dennis on the line can explain. So every contract -- there's not a direct cost pass through in every single contract. It depends on the individual terms of each contract that's negotiated. This is a competitive market. So there's no regulated contract that governs how suppliers and whether suppliers pass on the increase when they first incurred it or -- or provide it back. It's on a customer-by-customer individual negotiation with a whole lot of very sophisticated variables that go into it. I don't know, Mark or -- or Dennis, if you want to add something.

MR. ROBERTS: Yeah, I don't -- this is Mark Roberts with Sprague. As I testified -- stated in New Hampshire, Sprague did not pass any of those adjustments on to our customers, and yeah, we view demand cost as one small component of the overall set of costs in our portfolio that we use to supply our customers.

MS. COOK: Can I -- I'm sorry. Before we continue on, I -- and before I lose the thought, I did actually have a follow-up question for -- for Fran and Chris on the -- on the migration issue. If -- if, as you've identified, the concern of a customer migrating one way or another and either potentially getting under refunded or over refunded, if they're going from the three year to the one year, what is your thought with respect to I'll call it a reconciliation, if you've got a situation where you have a customer who -- I mean, depending on how this ends up being applied, a customer who was a sales service customer should have gotten their refund over three years, they are there in year one, they only get half of their refund, they then become a delivery service customer and get nothing else. That -- there's only -- there's a -- there's an actually known pot of money here. What happens to the fact that the other 50 percent of that customer's refund is now not going to be returned to anybody? How -- how do you -- what's your proposal with respect to reconciliation?

MR. KAHL: Those dollars would end up being recovered by the remaining sales service customers. So if there was no change in the number of sales service customers except for this one that had migrated over to delivery service, there would be a little bit more of a refund for those remaining sales service customers.

MS. COOK: Okay. So when you then calculate the rate for the next of cost of gas period, the amount that's left there gets left there and reflected in -- it's spread out over the customers who remain in that -- in that category. Okay.

MR. KAHL: Yes. And I just wanted to follow up, you know, because one of our concerns is if -- for instance, if there is an incentive for a delivery service customer who gets their refund within one year and then migrates, so now you're sending -- you're increasing the number of sales customers, and so those prior sales customers are really going to get a smaller portion because it's more pieces to cut that pie into basically.

MS. SMITH: In my reading of the delivery service terms of service, terms of conditions, is there's no discussion on how supplier refunds would be treated. And I know this particular supplier refund was treated differently even though what's required or what's proposed -- set out for in Chapter 430 which basically is -- says it's a reduction of the cost of gas, a line item cost reduction over a 12-month period. And I just want to make sure, I think your response was that there wasn't anything in the delivery terms of service that would require a supplier refund be adjusted to the demand rate or anything. I just want to make sure that my understanding is correct.

MR. SIMMONS: Yeah, that -- that's how we interpret the terms and conditions for delivery service, that they were silent on refunds.

MS. SMITH: Okay.

MR. KAHL: Yeah, one other point, Lucretia is this is the PNGTS refund, and we talked about the first one. So with that first refund, you know, that was a 12-month period but the portion for delivery service customers was -- was done as we are proposing here as a credit to that charge. So it was already done in that matter before.

MS. FRENCH: I have two questions to follow up. With regard to the 2008 refund, that was a one-time refund to suppliers, wasn't it?

MR. WELLS: No. No, it was not. The 2008 refund was not a one-time refund. It was based exactly as we are proposing here except that the -- the amount was -- was refunded over one year. So the refund came in the way of a reduced demand rate, not in the -- not in recalculating bills back to the -- the pendency of the RP -- the 2008 rate case. So that -- that's not -- that's not true.

MS. FRENCH: I asked a question so, sorry. So what you're saying is that it was provided as a 12-month refund, credited in the cost of gas, and then calculated based on prospective demand?

MR. WELLS: Yes.

MS. FRENCH: Over that 12-month period?

MR. WELLS: In the case of --

MS. FRENCH: That's --

MR. WELLS: In the case of delivery service, it would be a five-month period, November through March. So there's a five-month demand rate that is calculated based on annual costs. And so we took the entire amount of the 2008 refund and put it as a credit to that demand charge.

MR. SIMMONS: Which -- which is similar to what we're doing here.

MR. WELLS: Yes.

MS. FRENCH: Over a three-year period?

MR. SIMMONS: Versus one, true.

MS. FRENCH: My second question was with regard to the definition of what a maximum rate is. Can one of you provide a definition for what the maximum rate is?

MR. WELLS: Just simply --

MR. EPLER: Maximum -- excuse me, maximum rate for what?

MR. SIMMONS: Yeah, exactly maximum rate --

MS. FRENCH: Maximum rate for an interstate pipeline. I don't think it's a complicated question.

MR. SIMMONS: I define it as whatever FERC allows to be charged.

MS. FRENCH: Thank you.

MS. SMITH: Those were the questions that I had.

MR. SIMPSON: Let me just check in with Kate. How are you doing? We've been going for an hour and ten minutes.

REPORTER: I'm fine.

MR. SIMPSON: You're fine? Okay, great. Let me know if you need to take a break, okay?

REPORTER: I will

MR. SIMPSON: Okay. Trish?

MS. FRENCH: Thank you.

MR. ROSENKRANZ: Trish, this is John Rosenkranz. Before you start you questions, I have something that's a follow up to, I think, what was just being discussed, and if you don't mind, I'd like to go --

MS. FRENCH: Sure.

MR. ROSENKRANZ: -- one question.

MS. FRENCH: Sure, John.

MR. ROSENKRANZ: Thank you. The -- the -- I believe the question was whether there were any provisions in the delivery service terms and conditions that directly described how things like pipeline refunds would be treated, and I think the answer was that there's nothing in delivery service terms and conditions. I just want to confirm that I heard things correctly.

MR. KAHL: Yes, that's correct.

MR. ROSENKRANZ: Okay. The question that I -- I had coming in was looking at the Procedural Order from May 12th that directed the company to respond to a number of questions, there are bullet points that are not numbered but at the top of the second page, there are request for copies of provisions of terms and conditions or agreements between Northern and delivery service customers and/or marketers that govern the return of supplier refunds. In terms of agreements, you did provide an excerpt from the delivery service terms and conditions. Wouldn't you consider that the 2005 stipulation and settlement that describes the calculation of the capacity assignment demand rate would be a relevant agreement between the -- the company and marketers that would have ab earing on this -- this issue?

MR. WELLS: This is Fran, John. Yes, I would agree that the 2005 settlement would be -- would be relevant in this context.

MR. ROSENKRANZ: Okay. And I'm just looking at that agreement and it says that -- that marketers shall purchase assigned capacity at a demand price equal to the weighted average fixed cost of all capacity resources in Northern's portfolio for the upcoming year. Do you -- do you think your -- your proposal is consistent with that provision?

MR. WELLS: I do.

MR. ROSENKRANZ: Okay. Just in terms of -- of having a record, would it make sense to supplement your response to that question by -- by providing the stipulation and settlement or at least the section that refers to the -- the payments by marketers for the demand costs, and I apologize for not giving more detail on -- I think it's Section 6. Bear with me here, please.

MR. CREAMER: I think it's page 9 of 17 of the stipulation.

MR. ROSENKRANZ: That's a better way of saying it. It's page 9 of 17. But perhaps there's a more -- you know, whatever the relevant portion or -- or even the whole thing --

MS. FRENCH: -- stipulate to the whole thing going in.

MS. COOK: Trish, will you repeat that?

MS. FRENCH: We'll stipulate to the whole thing going in, the whole settlement.

MS. SMITH: I -- I, however, don't want the whole settlement going and just having -- having us have to go through and look for a 17-page settlement or whatever it was to determine which particular term is applicable. I would want someone to say -- you know, put in the whole 17 pages but this is a particular term that is applicable -- applicable because everything is subject to interpretation and I don't want to spend time saying, well, this term is and this term isn't, especially given the short time that we will have to draft an Examiner's Report on the issue.

MR. ROSENKRANZ: I think this subsection 12 and 13 on page 9 of 17 is the only thing that I found that had -- you know, directly describes how the demand rate will be -- or the demand costs will be charged to marketers.

MR. EPLER: We -- we could confirm that if we -- if we were to take a break at some point. We'll -- we'll confirm that so that you have that -- our position on that today.

MS. SMITH: Okay.

MR. SIMPSON: Okay, great. We'll take a break coming up shortly so there'll be time to do that.

MR. EPLER: Thank you.

MR. SIMPSON: Thank you.

MR. ROSENKRANZ: Okay, thanks. Trish, I'll turn it over to you. That's what I wanted to try to work on since it was -- seemed to be on the -- the plate already.

MS. FRENCH: I had a follow-up question to John's questions, again regarding maximum tariff rates. Is a maximum tariff rate under FERC's rules subject to refund the maximum rate or is it a maximum rate subject to refund?

MR. WELLS: That rates that were approved in RP-10-796 were subject to refund, and I think my -- you know, my testimony and my data response specifically state that the rates that we used for the calculation of the capacity assignment demand rates in this case and this proceeding were based on rates subject to refund.

MS. FRENCH: Earlier, Chris, you described for Lucretia the fact that the Schedule 2 of the CGA filing might be impacted. That was the schedule apparently that shows the allocation between rate classes, is that correct?

MR. KAHL: Schedule 2 is the one that determines the -- the final demand costs for the Maine division.

MS. FRENCH: So then the subsequent schedules will show how the demand cost is derived and then the allocation between the different rate -- among the different rate classes based on what was shown on Schedule 2, is that correct?

MR. KAHL: Yeah. In reference to demand costs, there are certain schedules which will incorporate the -- the demand forecast and then basically allocate those costs for each season to the rate classes based on a forecasted -- forecasted demand projection.

MS. FRENCH: So how does the allocation between rate classes occur? Can you describe that? For the purposes of -- you -- you indicated that if there was a delay in the amount of time to determine what the transportation service classes would recover from this refund, that that would cause a problem with the determination of what refund would be allocable to the sales service customers in the Maine division. At least that's how I understood your testimony. Am I incorrect?

MR. KAHL: Let me just clarify. We can't determine how much each rate class is going to pay until we determine the Maine division is going to pay. So we -- we need to get that first.

MR. WELLS: So the other aspect of this is that under our proposed plan, we would calculate the amount applicable to the sales service as the refund. The -- the entire -- the 50 percent of the refund that's approved for refund in year one, that would be reduced by the amount that we project to be refunded to marketers via the prospective capacity assignment demand rate. So that would be the methodology of determining the -- the amount applicable to sales service in -- for the -- for the upcoming winter cost of gas filing if our proposal were approved. If the marketers' proposal, at least as I understand it, is approved, we would refund something -- we would refund to them immediately something -- something in the -- something similar to what we've provided in response to 7-4, probably adjusting for -- for interest charges, and that would be refunded to them. And then only the -- then at that point there would be no credit to the capacity assignment demand rate and the amount of the refund would be 50 percent of whatever remained after that. So as you can see, my -- my purpose in explaining that is that these are very -- two very different methods of determining the amount of the refund goes to the cost of gas. And so it does have an impact on all of, you know, Chris's downstream schedules of the demand cost, not necessarily between -- you know, whereas it may be just one number at the beginning of the calculation, it flows through to every single calculation subsequent to that. And so we think that in the -- you know, it would be far more efficient if we could have this determined in advance of the winter cost of gas filing and keep the parties -- you know, spare the parties the burden of having to review all of this stuff twice if what we propose ends up being different from what is ultimately approved by the Commission.

MS. FRENCH: Can we look at 2010? Can you tell me how the PNGTS increase was implemented in 2010 by the company?

MR. WELLS: In the context of the cost of gas or the context of -- in what context?

MS. FRENCH: In -- in the context of the capacity demand assignment? Did I say that correctly, capacity assignment --

MR. WELLS: In the context of the capacity assignment demand rate, sure. You know, as a precursor I would say that the -- the demand cost that we calculate in the capacity assignment demand rate is mirrored to what we -- we propose in the cost of gas. So what I -- what I would have done -- and you know, please -- please indulge me a little. I mean, we're talking about my recollection of what I did back in 2010. So my general understanding, my general recollection is that I projected -- I -- I knew of the rate increase. It was, I believe, midsummer. It was proposed by Portland.

MS. FRENCH: May of -- May of 2010?

MR. WELLS: Yeah, okay. Okay, so the -- the rate increase would have been proposed in the spring. My colleague reminds me that -- that the refund would -- I mean, excuse me, we're talking so much about refund, let me -- let me rephrase. That the proposed rate increase would have had to have been proposed in the springtime to have taken effect on December 1st, 2010. And so I would have known about that -- you know, that anticipated demand increase on December 2010 so I would have included one month, November, at the then-approved rate, and then I would have included 11 months based on the proposed rates in RP-10-796.

MS. FRENCH: Do you want to go back and check?

MR. WELLS: No, I'm quite certain that it was December 1st, 2010 that I -- that the rates -- that the rates were effective and that's when I would have included in both the capacity assignment demand rate calculation and in the winter cost of gas calculations.

MS. FRENCH: When -- when was the first opportunity the company had to bill marketers for the litigation costs associated with the PNGTS rate case at FERC?

MR. WELLS: I know that we requested a number of times. I do not recall offhand when it was ultimately recovered -- when it was ultimately approved for recovery. But it would have been some time during the pendency of the -- of this rate case.

MS. FRENCH: Do you know the total costs that were billed to marketers associated with litigation costs?

MR. WELLS: -- costs -- excuse me, can you repeat the question? I thought your question was over and I was starting to answer it.

MS. FRENCH: Can you tell us the total cost that was -- the total costs that were billed to marketers for litigation costs associated with the PNGTS refund --

MR. WELLS: I --

MS. FRENCH: -- I mean rate case?

MR. WELLS: Apologize again for interrupting you. I did not intend to do that. I would have to take that as an oral data request. I mean, I have -- I do provide that in my -- in fact, I don't really need to take it as an oral data request. The -- no, you know what, for fairness, for simplicity, why don't I take it as an oral data request in order to be more precise in my answer. I -- I do prepare -- I do prepare that information and it should not be a big deal to -- to provide it to the -- to the Commission and the parties.

MR. SIMMONS: What's the question again? I'm just writing these down.

MS. FRENCH: It's for the litigation costs that were charged to marketers --

MR. SIMMONS: Charged to marketers?

MS. FRENCH: Charged to marketers just for -- for that portion of the -- of the capacity --

MR. SIMMONS: Yeah, no, I know it's going to be the same -- it's going to be the same sort of issue whereby, tell me if I'm wrong, that the way we determine the capacity assignment demand rate, which is what we charge marketers, is the average system cost. And so I guess the way that we would have to do it is similar to how Fran did the calculation for the refund to marketers except that this will be a much smaller number.

MS. FRENCH: And --

MR. SIMMONS: Meaning that he has to have another spreadsheet which is responses to -- what is it, 07-004 or something?

MR. WELLS: I apologize. I was caucusing while you were discussing. I -- I do calculate the amount of PNGTS litigation costs that are billed to marketers as a normal course of business. It should not -- it's not burdensome for me to provide that data to the Commission.

MS. FRENCH: Thank you.

MS. SMITH: Fran, can I just -- I just want to make sure it's not billed to marketers separate from the capacity assignment rates.

MR. WELLS: That is correct.

MS. SMITH: Okay. I just wanted --

MR. WELLS: But I -- I know the -- generally speaking -- speaking at a very high level, what I do is I know that the amount of PNGTS costs that we are allowed for recovery, the total amount that's approved by the Commission, I take the ratio between that amount and the total amount of -- the total revenue requirement that I use to bill the -- the demand rate, I come up with a ratio of that, and I apply it to the total amount billed. So generally speaking, if, you know, it was half a percent of the total cost, then I know the half percent of that revenue would pertain to litigation costs. And so we were -- we've been calculating that data in order to be precise in the amount of the refund that actually ultimately was refunded to sales service and the -- excuse me, again, I keep talking about the refund. To be precise, we're referring to the litigation costs. We -- we were -- we needed to know the amount of the litigation costs that ultimately got passed through to sales service customers. So we would -- we were calculating this in order to -- for accounting purposes anyway. So it's -- it's not -- it's just a matter of me finding the files and providing them. This is not a --

MS. SMITH: Okay. I just want to restate. This will be ODR 2-1 when it comes up on CMS. Please provide the amount of the PNGTS litigation costs billed to marketers through the capacity assignment rate.

MS. FRENCH: And that would be in total for the entire pendency of the rate case. Do you know the total litigation costs that were charged to both --

MR. WELLS: I don't --

MS. FRENCH: -- customers --

MR. WELLS: I don't know that information offhand.

MR. SIMPSON: Trish, before you go on, I want to check with Kate. We've been going for an hour and a half and we've already had a request for a break to do some other things. Is now a good time?

REPORTER: Yeah, that's great.

MR. SIMPSON: Trish, let me check with you now. How much more do you anticipate having?

MS. FRENCH: I don't think we have much more. So can I take a few minutes and check with -- with Mark Roberts and Dennis Bowersox?

MR. SIMPSON: Sure. So now is a good time to take a break.

MS. FRENCH: Yes, thank you.

MR. SIMPSON: Let's do that. How long? Ten minutes, is that enough?

REPORTER: Sure.

MR. SIMPSON: All right, let's do that. Thank you.

CONFERENCE RECESSED (July 16, 2015, 11:26 a.m.)

CONFERENCE RESUMED (July 16, 2015, 11:42 a.m.)

MR. SIMPSON: All right, let's go back on the record. Trish, back to you.

MS. FRENCH: I have one more question, and then we won't have any more questions. I just want to confirm that every interstate pipeline refund since the 2005 settlement was -- was approved by the Commission has been credited to the capacity demand and flowed back to marketers, isn't that correct?

MR. WELLS: I would not say that's correct actually. I don't believe that the Tennessee refund was -- was credited back to marketers, although that one --

MS. FRENCH: Which case was that? Sorry to interrupt.

MR. WELLS: I actually do not know the -- the docket in that case, but Tennessee hadn't gone in for a rate case for many years. So I -- I mean, I -- I can provide that as a data request.

MS. FRENCH: We'll take a data request, an oral data request, for -- for the details of -- of any pipeline refund that was not actually credited back under the terms of the -- the settlement.

MR. WELLS: You know, I would say, however, that in the context of that rate case, those rates were in effect for only seven months subject to refund. That rate case was resolved much more quickly than these Portland rate cases have been resolved. And so even in the event that the rates had -- you know, under the -- under the current settlement agreement, there's no provision for reconciliation of the actual demand costs to estimated demand costs. So whereas that refund, you know, was not credited back to the cost of gas, had it been -- had it been the rate in effect as of that period of time and not accounted for, it would -- it would have -- it's not different than when a rate change is in the middle of the period. And we've had -- we've had many rate cases since I've acquired the responsibility of calculating the capacity assignment demand rate that have not been reflected to credited to marketers. Some of them have been increases and some of them have been decreases. And in the case of this Tennessee, it ended up being that the impact was -- the -- the increase was less than had been anticipated. And so that refund wasn't credited back. You know, I would say that, to my recollection, there have been no other refunds that -- that have occurred during the period of my stewardship of the -- of the capacity assignment demand rate. There have only been the three and, you know, one has been basically just credited as a -- entirely to sales service, one has been credited to -- and this would be the 2008 PNGTS case, has been credited to both the sales service and capacity assignment demand rate on a prospective basis, and then there's the -- the rate case that we are discussing today.

MS. FRENCH: So your -- your testimony is that the Tennessee refund went back entirely to sales service?

MR. WELLS: Yes.

MS. FRENCH: So other than that, though, every other interstate refund that -- pipeline refund that has come to the company has flowed back through the subsequent year's demand charge?

MR. WELLS: No, it did not flow through the subsequent year's demand charge. I apologize if I have given that impression. It was given as a credit to the next year's demand --

MS. FRENCH: Okay, demand rate. Okay. It was given as a credit to the next year's demand rate?

MR. WELLS: Yes.

MS. SMITH: But if I heard you correctly, the only refunds that you're -- you're aware of are the Tennessee one and the two PNGTS ones.

MR. WELLS: That is correct.

MS. SMITH: Okay.

MR. SIMPSON: And just so that I'm clear, was there an oral data request that survived that --

MS. FRENCH: Yes.

MR. WELLS: I believe I need to provide the docket number for the Tennessee --

MR. SIMPSON: Okay.

MS. FRENCH: I'll supplement that. I'd like the details of that and any other -- you know, any other pipeline increases or decreases because you kind of had a general statement there that there were other pipeline -- there was other pipeline activity that may or may not have been caught up. So if there's -- if there's anything else that you know of in addition to Tennessee, please let us know.

MR. WELLS: I would say that -- that now we're starting to get into the lines of what might be an exhaustive -- there have been many, you know --

MR. KAHL: I think we want to keep that to refunds we're talking, right?

MS. FRENCH: Yeah, I was talking refunds. He's -- he's the one who expanded the discussion into other activities.

MR. KAHL: So we're just talking refunds, Fran, I think, or is that getting --

MR. WELLS: What is the data -- what is the question?

MS. FRENCH: I'll just supplement the oral data request for details on the Tennessee refund, docket number, duration, amount.

MR. WELLS: Okay.

MS. FRENCH: Thanks, Fran.

MR. WELLS: You're welcome.

MS. FRENCH: And we have nothing further.

MR. SIMPSON: Rob, any questions?

MR. CREAMER: No. John can contradict me if he does, but I don't believe we do.

MR. ROSENKRANZ: I will not contradict you.

MR. SIMPSON: More questions from staff?

MS. SMITH: I guess only because there's -- you know, we're not sure what the next process would be, I just want -- and in case there is no -- no additional process, I think this would be a question that may be asked upon staff as if the Commission were to direct a refund be given to the marketers, what would the marketers say if they were to -- what should I tell the Commissioners if they were to say what is the marketers' position as to whether the ultimate customer who we're the ones that, you know, regulate, whether they would get the benefit of that refund or not?

MS. FRENCH: Mark, I don't know if you have any of the materials that -- in front of you from the -- the case in New Hampshire, but it's probably best coming from him to describe to you how contracts are made by marketers. As I indicated earlier, their -- their services and their contracts are not made based on cost-based rates. So each individual contract is going to determine whether or not they -- they implement an increase when it's known or they implement -- they -- they provide a refund or an kind of credit back to the customer at the end of the day. So Mark already indicated, I think, that he -- he believed that Sprague did not have any contracts that would have -- that reflected the increase. I don't know about whether or not they have any that would require them to supplement them. But at any rate, at the end of the day the customer is going to -- Sprague is going to honor the contracts, Global's going to honor its contracts, and if the contract requires the customer gets the benefit of the refund, the refund will be paid. If the contract doesn't require that, then it's up to the customer and -- and Sprague or Global to negotiate that. I don't know, Mark, do you want to add something or, Dennis, do you want to add anything to that?

MR. BOWERSOX: This is Dennis Bowersox. It all depends on, when a contract was, you know, entered into, what assumptions were made of the demand charge and various other factors at that time. And -- and so it --

MR. SIMPSON: Dennis, excuse me, this is Chris. Dennis, could you speak up a little bit? The reporter's having a hard time hearing you. Thank you.

MR. BOWERSOX: Okay, sorry, is that -- let me turn this -- I have a volume -- is that better?

MR. SIMPSON: Yeah, that's much better, thank you.

MR. BOWERSOX: Okay, not a -- what I was saying is it depends on, when a contract was entered into, what assumptions were made at that time as to what the demand charge would have been from Unitil and what other factors were in play at that time. So it -- when Trish says it depends on the contract, it does because there should be some cases where a customer may end up getting the benefit of more than just the refund. For example, if there was a year that it was used that it was $70 and that was carried forward and -- and it drops, you know, how long it was under contract to 50, that person was probably over charged more than somebody that was -- entered into a contract when it was $47. So it -- it really depends on the length and what was used when the contract was negotiated. And so it's really difficult to answer without going over every contract.

MS. FRENCH: I can -- I'm trying to see if I can find --

MR. BOWERSOX: And I don't have Mark's testimony in front of me.

MS. FRENCH: Oh, yeah, I can -- yeah, well, I have -- I have the -- I have our response to NU Sprague 1-1 in the New Hampshire case. I can just read that to you. I mean, this would be the same type of thing we would put in the testimony if that's helpful to you. And Global actually endorsed this response as well. "Sprague does not ..." --

MR. EPLER: Wait, wait, wait. Before we do that, before we do that, are you testifying now?

MS. FRENCH: No, I was just reading a response that --

MR. EPLER: Are you -- are you seeking to enter that into the record here?

MS. FRENCH: Oh, I'm happy to. Yeah, happy to do that.

MR. EPLER: Are we going to proceed now with cross of -- of Global and -- and Sprague's witnesses?

MS. SMITH: I was -- I was just trying to get an answer to a question that I felt that the Commissioners might ask me when we're in the process in case this -- in case this case doesn't go any further. So whether that's legally incorrect or whatever, I'm just trying -- we have a very short period of time and I'm trying to get the information that I feel might be asked. So I'm not going to argue with you as to whether who's testifying or who's whatever. I mean, you know --

MR. EPLER: I just want to get a sense of what -- what we're doing here.

MS. FRENCH: Well, I'm -- I'm happy to have Mark pull

1-1.

MR. ROBERTS: I'm sorry, this is Mark Roberts. I'm sorry, Trish, did you ask me a question?

MS. FRENCH: Yeah, if you just pull NU-SPR-1-1 from the New Hampshire proceeding?

MR. EPLER: I think we're off the record.

MR. SIMPSON: It's my understanding that the decision hasn't been made yet whether you're going to file testimony or not. I would say we will wait to see whether you do file testimony or not. Presumably this would be in your testimony if you do file. If you don't, we can get this information through an oral data request.

MS. FRENCH: Okay.

MR. SIMPSON: -- a contingent oral data request, if there is such a thing.

MS. FRENCH: Well, it doesn't help Lucretia if she's asked this question, you know --

MS. SMITH: -- can issue --

MS. FRENCH: -- right now. It's a very quick response. I mean, it's a very quick response. I just didn't want to -- I didn't want to characterize it when it's already been stated by -- by Mark Roberts.

MR. SIMPSON: I'd just as soon avoid the -- the joust if we can. So let's do it --

MS. FRENCH: -- Mark answer the question? Is that helpful to you?

MR. SIMPSON: Is that acceptable to you if Mark answers the question and --

MR. EPLER: Go ahead and ask the question. That's fine. I may have follow up, but he can answer the question.

MR. SIMPSON: Okay. Go ahead, Mark.

MR. ROBERTS: Yeah, as Dennis said, the -- the amount that each individual customer would be entitled to would certainly depend on, you know, when we entered into the -- the contract and what the rates were at that time, that type of thing. So you know, broadly speaking, we would -- we would look at -- you know, if we -- if we were to get a direct refund, yeah, we would -- we would factor that refund into our overall portfolio and -- and look at it, you know, in accordance with each of our customer's contracts. That's the -- that's the best answer I could give right now without, you know, knowing really any more details than that.

MS. SMITH: Okay.

MR. EPLER: Yes, I -- I have an oral data request for Global and Sprague. I'd like to request copies of contracts that have provisions that would require a flow through to customers of any changes in -- in these rates and copies of contracts that -- that do not contain such provisions. The -- the names of the customers can be marked out. The rates in the customers can be marked out. I'm interested more in the particular provisions in -- in these contracts.

MS. FRENCH: I'm going to --

MR. EPLER: And -- and in addition, I'd like to know how many -- of -- of the customers approximately percentage wise, how many customers have contracts with the provision requiring flow through and percentage how many have the provisions that would -- do not have such provisions.

MS. COOK: Before you object, Trish, can I just ask a question? Gary, are you looking for each and every contract or just looking for the illustrative provision?

MR. EPLER: I'm m looking for an illustrative provision and then an approximation of how many would have such provisions and how many would not have such provisions.

MS. COOK: I wanted to make sure we knew what the data request was before objections.

MS. FRENCH: I'm going to object on the -- on the basis that it's -- it's irrelevant to whether or not marketers should get the -- get the refund directly as they've requested. Whether they have -- we've already said there are contracts that may have it in, other contracts that may not have it in, and it's irrelevant to whether or not marketers get it back. There's not -- it's going to be a policy decision for the Commission of whether or not it's appropriate. As -- as Fran has already determined, we have a dollar amount that's associated with each marketer's contribution to the over collection, and it's a policy issue for the Commission to determine whether or not marketers should get back what they paid in or whether or not the Commission thinks that it's more appropriate for it to go back to the demand -- capacity demand rate. So looking at each individual contract is nothing but designed to be harassment of the marketers. It's got absolutely no relevance to the outcome of this proceeding.

MR. SIMPSON: So here's my response. First of all, I heard the request was for two contracts, one that represented flow through and one that didn't, and also a rough percentage about how many fall into one category and how many fall into the other. So this is -- this is asking for two contracts as I understand it. Number two, this is information that I think is very relevant. The Commissioners are going to want to know the answer to this question. I mean, what they decide is, in part, going to be informed by where the money goes. So I do find it relevant, and your objection is overruled.

MS. SMITH: And that would end up being ODR 3-1 when we get it uploaded.

MR. SIMPSON: Where are we with the stipulation provision? There was some investigation during the break --

MS. FRENCH: Can I ask for a clarification on the ODR --

MR. SIMPSON: Sure.

MS. FRENCH: -- just because it's -- I'm assuming it's going to be a short turnaround on it. You're looking for one contract -- you -- you've approved his request for one contract that has a provision that entitles the customer to a refund, another contract that has no refund provision in it?

MS. SMITH: Correct.

MR. SIMPSON: Yeah, that's my understanding of the request, yeah.

MS. FRENCH: And -- but the -- the -- as the contracts are individually negotiated with customers and there's not a template contract, we just should choose two?

MR. SIMPSON: Yes.

MS. FRENCH: Redact price, customer, term --

MR. SIMPSON: Yeah.

MS. FRENCH: -- anything else that we believe is competitively sensitive?

MR. SIMPSON: Correct.

MS. FRENCH: And then what was the third?

MR. SIMPSON: I believe the question had to do with the percentage of the total contracts that included a flow through through mechanism and those that didn't. And -- and it's my understanding that we're not looking for a specific, precise percentage but a rough idea. Is that -- okay.

MS. FRENCH: And how would we get that without looking at every single contract?

MR. SIMPSON: How many contracts are we talking about approximately?

MS. FRENCH: Mark, Dennis, is this a problem for you?

MR. ROBERTS: Yeah.

MR. BOWERSOX: Yeah.

MR. ROBERTS: This is Mark Roberts. We -- I mean, our customer count's 18,000 plus, but I mean -- we -- we have the -- I mean, really if we're looking at a regulatory clause type of provision, you know, it -- those type of -- that type of language depends on the customer class and -- and so forth. But it also correlates to many other risk components that we incur in the -- in the product offering that we offer any individual customer. So I -- I certainly understand what you're trying to get at. However, you know, this -- this topic is really a topic that we would probably better address in testimony I would think because it's -- it's complex in terms of when individuals receive the benefit in multiple fronts or incur costs in multiple fronts.

MR. SIMPSON: Okay. Well, I certainly don't want the company to have -- I mean, the markets to have to go through every one of the contracts. Is there some sort of way you can get an estimate without searching each of the contracts?

MR. SIMMONS: And you're just interested in the Maine contracts I assume.

MR. SIMPSON: That is correct.

MR. SIMMONS: Because I don't think they have 18,000 contracts in Maine.

MR. SIMPSON: Right.

MR. ROBERTS: No, we don't have --

MS. FRENCH: Companywide.

MR. EPLER: So how -- approximately how many contracts are there in Maine?

MR. ROBERTS: I can -- I can get that number easily on behalf of Sprague. I just don't have it in front of me.

MS. FRENCH: That's total contracts, right, Mark?

MR. ROBERTS: Yeah.

MS. SMITH: Well, I guess my question would be -- and this is, you know -- is if you had the term in the contract that required -- wouldn't there be some sort of tracking mechanism so that you would know that you had to make a refund? I mean, you know, I would assume if a refund comes in, you're not going to, every time, go look through all of your contracts.

MS. FRENCH: I think as Fran already indicated, they're not all that frequent. So Mark, do you have a response for that?

MR. ROBERTS: Yeah, I'd have to -- I'd have to give it -- give it some thought and we would have to revisit it. Our -- our -- the products and the services, and speaking on behalf of Sprague, vary totally. There's -- there's many different elements. It depends. And so in the case of Maine, you know, the -- the assigned assets that -- that Northern would provide are -- are factored into part of the cost component in addition to all the other supply assets. You know, in -- in Sprague's case, we -- we supply gas throughout the greater northeast U.S. down to, you know, Virginia and out to Ohio. So you know, we're looking at the demand charges associated with -- with Maine and we're looking at the demand charges associated with any of the upstream pipelines. Depending on whether the customer is -- has a fixed price or a variable price or if they, you know, have elected to take advantage of any options type of pricing, that gets factored in and, you know, a whole host of -- of other things. Depending on the customer class and, you know, market-related costs could be passed through, some -- some are not depending on what swing provisions and so forth are -- are incorporated. So in the case of, you know, a direct demand charge credit or in the case of a direct demand charge surcharge, you know, we -- we look at it and we look at it in terms of, you know, the impact on our overall book and the -- the customer class. So I know this isn't what the -- the answer you probably want to hear, but the -- the initial answer would be it depends on a whole host of things. So I don't want to paint a representation because I -- I don't have a clear understanding of, you know, what the potential refund would be or look like or that type of thing at this point in time. We'd have to -- we'd have to look at it, match it against our -- our customers and look at other elements of how that customer's contract performed. Demand charge is just one component so if there's non-performance in -- in other areas, you know, we would factor that in as well. So hopefully that's helpful. That's the best I can do on the spot.

MR. EPLER: So if you were to get a check from Northern for a refund of X dollars, what steps would you take to ensure that you were in compliance with your contracts and -- and would flow through directly a refund in those instances where that was required by the contract? How -- how would you ensure that you're in compliance with all your contracts when -- when you got a refund?

MR. ROBERTS: The -- at this point I would say we would have to -- we'd have to look at it. We are -- in terms of the contractual language, you know, and -- and thinking, you know, the customers are -- and costs that are passed through are based on an overall customer performance, and so we -- you know, we -- we pass those costs on or we credit those customers on a real-time basis. So many of the customers have already, you know, received -- received benefits or incurred costs based on, you know, closing each customer's account at the end of the month.

MR. EPLER: So are you suggesting that --

MR. ROBERTS: I'm not sure I have a direct answer to your question at this point.

MR. EPLER: And -- and, Global, is Dennis there?

MR. BOWERSOX: Yeah, I'm here.

MR. EPLER: And -- and Dennis, could -- could you respond to the same question? I mean, if you were to get a refund of -- of X dollars directly, how would -- how would you ensure that you're in compliance with your contracts if you have some contracts in Maine for -- with -- with customers in Maine that require a direct refund?

MR. BOWERSOX: It would be -- we would have to review each contract that's currently in -- in effect and determine, as -- as Mark mentioned, if other factors have changed. There are -- you know, and -- and see what the net difference is. And if there's a net credit to the customer, then to be in compliance, we would have to issue that to the customer probably on a price reduction.

MS. FRENCH: This is --

MR. BOWERSOX: But it's difficult to determine how many and which accounts would -- would fall into that category because it would be an extensive review of each contract.

MS. FRENCH: This --

MR. BOWERSOX: And I can't -- I was going to say I can't think off the top of my head, there may be a handful of contracts, and it would be very few, that might actually have a direct provision that lists the demand charge. But I -- I would just be guessing and there's -- there's not many. And those would be the simplest.

MS. FRENCH: This --

MR. ROBERTS: I would concur with you, Dennis. I mean, that's -- that's really the issue is, you know, for any -- any accounts were -- that were negotiated specifically along those lines, you know, getting those identified -- so we'd have some -- we'd have some work to do there.

MR. BOWERSOX: Yes.

MR. EPLER: But -- but you would both anticipate that there's -- it's really minimum -- a small number of your total contract in Maine that would have provisions requiring a direct refund in -- in these -- in these circumstances?

MR. BOWERSOX: In Global's case, yes, yeah. Now, when you say requiring -- because there is some that it's -- where credits can be issued under certain circumstances or -- or debits, and sometimes, as a supplier, we may elect not to exercise that and some cases we exercise depending on the -- the other aspects of the contract that, you know, make up the cost. But there -- as far as direct, to answer your question that actually would have language that would be easier to identify, there are few. Now volume wise, that's a different issue because that's -- numbers don't really tell us anything. You know, a customer with a large volume is going to get a -- you know, and has a TCQ assigned will have a -- you know, a larger benefit than somebody that doesn't have much of a TCQ. It's really not numbers, it's -- it's volume.

MS. COOK: This is Chris Cook from the staff. I -- I want to follow up and maybe take this another step. And that is if -- if, following Gary's hypothetical, you got a check from Northern, you conducted the review, you refunded or gave a direct credit to your customers under whose contracts that was required, and there -- and this is similar to the question I asked of Northern earlier in the context of migration of a customer from one way -- from one class to another class or one type of service to another type of service. Then what -- what happens to any of these refunds that aren't returned directly to customers?

MR. BOWERSOX: I -- I need a chance to think about that because I -- you know, it's a good question, but I need to think about it before I answer that.

MS. COOK: Okay. Mark?

MR. ROBERTS: And on Sprague's side, one thing to keep in mind is that -- and I was trying to make this point earlier -- is that demand charges are one component of the -- of the cost incurred to serve a customer. So if you look at demand charges, you look at swing risk, you look at hedging risk, you look at, you know, even capacity assignment risk, you look at all those various costs, and at the end of the day, depending on what a customer has contracted for, some of those various elements perform favorably and some of them perform unfavorably. So you really -- you know, looking at one element and if -- let's just say that there was a customer where there was a decrease in a demand charge but in four other risk buckets, it performed -- they performed negatively for a whole host of different reasons. You know, in our view, that would not be a scenario where they would be entitled to a refund because they're purchasing a -- you know, an entire package of services. And so it's -- it is complicated. I think it's -- to Trish's point, I mean, it -- this is -- you know, on behalf of Sprague and my -- my personal view is that, you know, it becomes more of a policy type discussion. Because marketers incur so many different elements of -- of risk, to -- to single out one component and -- and view it as an element that should be directly passed through to an individual customer without factoring in all the other elements is -- can get very -- very muddied.

MS. FRENCH: So the simple answer to the question might be, oh, it falls to the bottom line is probably how the company would interpret it, my guess. That's not how marketers price contracts because of all of the risk variables that go into the actual pricing. And I think what was -- this is why, you know, just another around of -- of explanation from the marketers might be helpful to you all because, I think as Dennis was trying to explain, you know, there -- there are incentive-based pricing structures. So how well the -- the portfolio or the service to the customer performs based on some expectation may dictate whether or not there's a -- you know, a greater credit or cost, you know, reduction to that customer in the next month or the six months or whatever period the contract's based on because they're all going to be different based on that customer's needs, risk profile, creditworthiness, all the rest of it. So it's just not a direct-cost-based analysis as you see on the -- on the utility's side. Very, very different world.

MR. ROBERTS: This is Mark Roberts. Trish, if I may add to that, also there's the added -- you know, depending on the structure, the length, the term of the contract, if a particular customer -- if we were selling them gas at $5 and the utility rate was at seven, there's that -- that spread differential too. So it's -- it is a different world. That's -- that's an accurate point.

MS. FRENCH: So to try to get -- maybe to get to Gary's compliance question, you know, maybe we'll take that as an ODR because I suspect that, given that Dennis and Mark are on the marketing side of the house, maybe we just need to ask the compliance folks how they -- how they manage this -- this issue in-house and then you'll know.

MR. SIMPSON: Okay. That is acceptable to me. Thanks. What else do we have? More questions from staff?

MS. SMITH: I just have -- popped in my head one other which is just more -- did -- did -- and this is really just kind of -- did New Hampshire come to a conclusion on how to deal with the PNGTS refund when you first -- in the summer CGF?

MR. EPLER: No. There was a settlement agreement that was filed with the Commission that was signed by the owner, the Commission staff, and the OCA. And the -- so the issue is -- and the Commission has not acted on that settlement agreement.

MS. SMITH: Was it in a separate docket or was it in the --

MR. EPLER: It was still in the same docket. They just continued that one question.

MS. SMITH: Okay. Thanks.

MR. SIMPSON: Anything more before we return to the schedule? I have dates that I want to share with the parties.

MR. EPLER: I -- I just want to clarify the position of -- of the company, and I don't know if you'll find this helpful or -- or not. The company recognizes that the refund doesn't belong to Northern. The refund is -- that we got from PNGTS is -- needs to be flowed through to customers in one way or another. Obviously, based on what you've heard here and what you've seen in other documents that have been filed and -- and previously, I don't think that there's a -- you know, a right way to do it. We've proposed -- we've put forward a proposal that we think is fair and we've tried to indicate why we think it's fair, because the -- the over charges were collected over a lengthy period of time so we're proposing to refund them over a lengthy period of time. And we think that what we've done -- the way we're proposing the refund, it follows the -- the customer.

So if a customer migrates from one -- from either transportation to sales service or from sales service to transportation, the refund more or less can follow them, but it's applied prospectively. It doesn't affect the company if the Commission were to decide to grant what the marketers are asking. We -- we're neutral. Where -- where we become not neutral is if we are asked to undertake some kind of administrative tracking to try to figure out who's going to migrate back or forth, why, and whether or not they should get a portion of the refund or not or what portion of the refund. And the -- the more complex that gets, the greater the administrative burden is on us. We don't have a system in place that can do that automatically, and it's -- it's very much a manual process. And the -- the more complex that is, the greater burden, the greater cost to us, and we're -- as we said, we recognize this money is not our money. We also don't want to incur additional cost to have to administrate a complex program. So that's -- that's our position, and we recognize that other parties may have stronger views on -- on, you know, what is -- what is fair and -- and what's not fair. But that -- that's our -- our major concern. Thank you.

MR. SIMPSON: Thank you. I want to give the other parties an opportunity to summarize where they are right now. Rob, go for it.

MR. CREAMER: Please. So we're -- the OPA is not entirely neutral on some of these issues. We are very concerned about things that would affect the size of the refund for certain classes of customers that might be related to migration issues.. We're also concerned about the fact that whoever did incur increased costs at least benefit from the refund.

Having said that, and this may go to the schedule, I -- I think that if the marketers could answer the ODRs that were posed and -- and would get the points in that they want through ODRs, we might not see the need for testimony and we might be able to address our concerns through maybe just having the parties each file comments prior to the Examiner's Report, and that might be enough process for us.

MR. SIMPSON: Okay. Trish?

MS. FRENCH: With regard to Rob's comments, I don't believe that just responding to the three ODRs that we have is sufficient to -- to allow us to lay out all the reasons why we think that there should be a one-time refund. So I would -- I think we would still request the ability to put in a direct case. I think -- and the evidence shows that there was an over collection of an interstate pipeline rate that was paid for by marketers. Marketers think they should get it back. Dollar for dollar what they paid in, they should be able to get it back. It doesn't -- it doesn't make them whole as stakeholders in the system to either have it spread out over three years with prospective -- a prospective forecast of -- of demand charge calculations or even spread out over a year, although a year's much more preferable than three years.

So -- and -- and I think that it is a red herring to say that there is going to be some -- you know, some concern about whether or not the -- the refund goes directly back to the customers because there's a complexity and sophistication in marketer pricing that takes into account a whole host of variables and their positions in physical and financial markets and -- and the rest as you heard Mark and -- and Dennis try to kind of explain to you on the fly. So I think that that is a red herring.

With regard to the concern about migration, I don't think that it's been shown that there is an inability on the part of Northern to protect sales customers from a migration from transportation customers. And frankly, we'd be perfectly happy to have there be a moratorium on migration for the period of the refund or -- or any other kind of, you know, protection for sales customers to make sure that they're insulated by presumably a transportation customer who might try to get the benefit of the refund. At -- so -- and there's probably a lot of noise around Northern's ability to -- to actually protect sales customers or its inability to protect sales customers from that kind of dilution of the refund. So in sum, marketers' position is, as it's been from the beginning, that there's a calculable amount that was paid in and they should be able to have that back.

MR. SIMPSON: Thank you. Those comments are helpful. Turning to the schedule, Trish, can you say right now that you do want to file testimony or are you still undecided at this point on that? I'm not going to hold you to it one way or the other. It just depends on how I present this.

MS. FRENCH: I think that based on how the -- the tech session went today, we're -- we're leaning more toward filing it, but it would be very brief, five pages. Very, very brief.

MR. SIMPSON: Okay, thank you. So what I have in mind is this schedule, and I'll put it out on a procedural order today but I want to give you a head's up in advance, that testimony from Global/Sprague and the Public Advocate if the Public Advocate chooses to do so would be due on the 21st. we would be looking for data requests on the 24th, data responses on the 27th, and a technical conference if needed the 28th.

We'd be looking at an Examiner's Report on the 3rd of August with exceptions due by 4:00 p.m. on the 5th. And this would allow the Commissioners to deliberate this matter at their deliberative session that's scheduled on the 11th. If it turns out that neither Global/Sprague nor the Public Advocate files testimony, we'd be looking at an Examiner's Report on the 29th and exceptions on the 4th which would, again, permit us to do -- to place this before the Commissioners at their August 11th deliberative session. Any questions?

MR. KAHL: So would we be changing the filing date then?

MR. SIMPSON: My understanding is if you got the decision in this proceeding by the 11th, that wouldn't require a postponement.

MR. KAHL: No, that would require a postponement.

MR. SIMPSON: Oh, okay, I misunderstood that.

MR. KAHL: So about one week, probably around the 21st I think is a Friday. Is that correct?

MS. COOK: Yeah.

MS. FRENCH: Wasn't the 11th the date that was previously set for the Commission's deliberations on this matter?

MS. SMITH: Well, there wasn't a date set, but that's what we were looking at as -- given -- given the time and such as -- that's when we were looking for. And Northern had never

-- had not indicated in any of its filings that it needed a decision at a certain time in order to meet the -- the August 15th filing requirement, or if you did, I missed it.

MR. SIMPSON: Yeah, me too.

MR. EPLER: Neither did we anticipate that there would be additional --

MR. SIMPSON: Understood.

MR. EPLER: -- procedure after this so --

MR. SIMPSON: Understood.

MR. CREAMER: Chris, may I ask a question?

MR. SIMPSON: Please, go ahead.

MR. CREAMER: This is just curiosity. I -- a one-week postponement, I'm just curious, how would that affect the time the parties had to respond to Northern's filing?

MS. SMITH: Which filing?

MR. CREAMER: The one -- the -- the one they're making for winter cost of gas. I just -- I haven't been through one of those before so I'm just curious what that would -- if that would limit our time to respond to that.

MS. SMITH: Yeah, basically it would give us -- give everybody who's processing the case a week less to -- to look at it and do -- but we usually don't set out a schedule as such because it's such tight turnaround. We usually don't have a case conference. It's usually just when you get the data requests, you issue the data requests. When we do the notice, we'll set up a slash -- a tech conference/hearing date and you'll -- usually the data request and responses are put in before -- early enough so that the responses are there so we can go over them at the tech conference --

MR. CREAMER: Okay.

MS. SMITH: -- which is usually September 25th through the 30th, something along those lines.

MR. CREAMER: Okay.

MR. SIMPSON: I apologize. I missed the fact that -- I was laboring under the assumption that if the Commissioners deliberated this on the 11th, it wouldn't necessitate that -- that week extension. But if it does, it does. I -- there's no way that we can get it to the Commissioners prior to the 11th so we're just going to have to go that route and -- and grant that extension. I don't see any other way around it.

MS. SMITH: No. The -- the other thing that you -- that you could do and I think that we would -- you know, is you could file either a letter -- make -- make a filing on the 15th, 14th, you know, that basically -- maybe a cover letter filing that, you know, if there's any big things that -- that are -- and just state that you're waiting until this decision is reached before you make -- make the full filing. And then you've made a -- right, the filing schedule. I mean, you know --

MR. KAHL: Yeah. I mean, it's cleanest if we -- if we have it and we can make the filing --

MS. SMITH: Because there are certain things that you can file. You could -- you can file the ERC requirements. You can file reconciliation.

MR. KAHL: Yes.

MS. SMITH: You can file certain parts of this that -- that, you know, we -- that, you know, would generate some, you know, review on our part. So quite frankly, I would prefer if we're going to delay the filing, we delay the filing only because then, by statute, we have seven days to get out the notice from when you make the filing. And we can't actually do a notice if we don't have the information.

MR. SIMPSON: Yeah, good point.

MS. SMITH: So -- so I think actually I'm going to go back and say we'll have to officially grant an extension because otherwise we can't do a notice.

MR. EPLER: Certainly if -- if there is material that is -- is not impacted by this that we can file -- provide earlier, even if we just provide it informally so it doesn't total your notice-submitting provision, we'll -- we'll provide it so at least, informally, parties could begin their review for that material.

MS. SMITH: Right, I mean, you know, for -- for me personally, and part of this is because I've been looking at Northern's cost of gas for many years now, is a week isn't going to make a difference. So I will still have -- you know, we'll be able to get it through -- so we can get it processed for deliberations before November 1st. So from my -- my perspective, it's not going to cause a problem.

MR. SIMMONS: I had one question on the --

MR. SIMPSON: Please.

MR. SIMMONS: -- the schedule going forward. I think you said that responses to discovery are due on the 27th?

MR. SIMPSON: Yes.

MR. SIMMONS: And the hearing's the 28th?

MR. SIMPSON: The technical conference, yes.

MR. SIMMONS: Oh, the technical conference, right.

MR. SIMPSON: If it's needed. It's not clear to me whether it will be or not, but I recognize the possibility and, therefore, that's the date on which we'd schedule it.

MR. SIMMONS: Yeah, no, I was thinking that if we do get responses to discovery and there is a technical conference, is it possible to have the responses due by noon on the 27th rather than close of business with the technical conference the next day?

MR. SIMPSON: Okay. All right, so that's a fair point and I guess what I would do is say that the data requests will be due by noon on the 24th and the responses by noon on the 27th to provide a little bit more time for people to prepare the -- prepare for the technical conference. That's a good point. Any other questions, comments before we adjourn?

MR. EPLER: Yes, there was the outside question of -- of Northern's opinion on what sections of the 2005 stipulation and settlement applied here, and we are looking at page 9 of 17 and -- and page 10 of 17. So it would be paragraphs numbers 12 and 13.

MR. SIMPSON: Thank you.

MR. EPLER: And if -- if, on further review, that changes, we would supplement that. We'll provide a supplement.

MR. SIMPSON: Okay. Thank you. Trish?

MS. FRENCH: Did -- did we agree that the -- the whole settlement would go into the record?

MR. SIMPSON: I don't think we did agree to that, no. Let's have discussion on that. Is there an objection to having the whole stip come in?

MR. CREAMER: There's a concern on our part. I'm just worried it might lead to more issues coming up that aren't particularly on point here and -- and slow us down.

MR. SIMPSON: Right. I -- I think the question of which paragraphs applied, at least from Lucretia's perspective, was to save her time having to hunt through the entire document. What would be the reason for bringing the whole stipulation in?

MS. FRENCH: Just because I don't have it in front of me right now. I suppose I can make a motion later if I look at it and decide there's another part of it that I need.

MR. SIMPSON: Since there is a little bit of uncertainty around it, if you would do that? Please feel free to let me know if you want the whole thing to come in after you've had a chance to look at it.

MS. FRENCH: Okay. Thank you.

MR. SIMPSON: Sure.

MS. FRENCH: I also want to just point out with the schedule we just discussed that noon on the 24th is a Friday and noon on the 27th is a Monday. So while it sounds like a big spread of time for us to do data requests, from a business day perspective, it's a very small amount of time. So just if we can take that into consideration as -- you know, if we get pounded with very, very detailed data requests, that's going to be impossible to respond to.

MR. SIMPSON: Okay, point taken, and let's just see how it plays out. If you need more time, let us know. Anything else before we adjourn. All right, thanks to everyone. Kate, thank you.

CONFERENCE ADJOURNED (July 16, 2015, 12:33 p.m.)

C E R T I F I C A T E

I hereby certify that this is a true and accurate transcript of the proceedings which have been electronically recorded in this matter on the aforementioned hearing date.

D. Noelle Forrest

D. Noelle Forrest, Transcriber