

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 22-059

NORTHERN UTILITIES, INC.

2022/2023 Annual Cost of Gas

COMMENCEMENT OF ADJUDICATIVE PROCEEDING AND NOTICE OF HEARING

On September 16, 2022, Northern Utilities, Inc. (Northern or the Company) submitted a winter 2022-2023 and summer 2023 cost of gas (COG) filing outlining its proposed COG for the winter period (November 1, 2022 through April 30, 2023) and the summer period (May 1, 2023 through October 31, 2023), including proposed local distribution adjustment charges (LDAC) for the period of November 1, 2022 through October 31, 2023. This initial COG filing was supplemented by a subsequent filing by Northern on September 23, 2022. The COG submissions and subsequent docket filings, other than any information for which confidential treatment is requested or granted by the Commission, are available on the Commission's website at www.puc.nh.gov/regulatory/Docketbk/2022/22-059.html.

I. BACKGROUND AND PROCEDURAL HISTORY

Northern's September 16 filing included proposed tariff pages, schedules, and direct testimony and related attachments from: Christopher A. Kahl, Francis X. Wells, S. Elena Demeris, and Daniel T. Nawazelski. On September 23, 2022, Northern submitted a supplemental filing, including the supplemental testimony of Mr. Kahl and Ms. Demeris, with revised attachments and revised tariff pages.

According to the supplemental direct testimony of Mr. Kahl filed on September 23 (Supplemental Kahl Testimony), the proposed winter 2022-2023 COG rate is \$1.1289 per therm for heating and non-heating residential customers, a \$0.1570

increase compared to last winter's average residential COG rate of \$0.9719 per therm. Supplemental Kahl Testimony at 5. The proposed changes to Northern's residential winter COG and LDAC rates are expected to increase a typical residential heating customer's total bill for the winter period by approximately \$256.46 or 21.7 percent compared with last winter (for a typical residential heating customer using 582 therms of gas per winter). Supplemental Testimony of S. Elena Demeris (Supplemental Demeris Testimony) at 2.

The proposed winter 2022-2023 commercial and industrial (C&I) high winter use COG rate is \$1.1428 per therm for Low Load Factor C&I customers and \$1.0536 for Low winter use High Load Factor C&I customers. Proposed Twelfth Revised COG Tariff Page 42, submitted September 23, 2022.

The proposed summer 2023 COG rate is \$0.6916 per therm for residential heating and non-heating customers, a \$0.2442 per therm decrease compared to last summer's average residential COG rate of \$0.9358 per therm. *Id.* at 5-6. The proposed changes in residential COG and LDAC rates are expected to increase a typical residential heating customer's summer bill by approximately \$8.74 or 2.51 percent compared to last summer. Supplemental Demeris Testimony at 2.

Northern proposes summer 2023 COG rates of \$0.6331 per therm for C&I low winter use High Load Factor customers and \$0.7383 per therm for C&I high winter use Low Load Factor customers. Proposed Fifteenth Revised COG Tariff Page 43, submitted September 23, 2022.

Several surcharges are included in the proposed LDAC of \$0.1845 per therm for residential customers and \$0.0488 per therm for C&I customers, an increase of \$0.1029 per therm in LDAC charges for residential customers and a decrease of \$0.0016 per therm for C&I customers. Proposed Ninth Revised COG Tariff Page 62,

September 16, 2022 (Clean and Redline). The proposed charge to recover environmental remediation costs, the Environmental Response Cost Rate, is \$0.0058 per therm, compared to the \$0.0056 per therm rate currently in effect. Demeris Testimony, September 16, 2022, at Bates pages 100, 102. The proposed charge to recover expenses related to the Gas Assistance Program is \$0.0037 per therm. *Id.* at Bates page 98. The proposed Lost Revenue Rate is \$0.0000 per therm for all classes, because the Commission approved Northern's revenue decoupling mechanism in Docket No. DG 21-104. *Id.* at Bates pages 99-100. Northern has not proposed changing the current Energy Efficiency Charge. *Id.* at Bates page 96.

Additional proposed surcharges include the Rate Case Expense Charge, the Reconciliation of Permanent Changes in Distribution Rate Charge, the Property Tax Adjustment Mechanism Charge, and the Regulatory Assessment Adjustment Mechanism Charge. The proposed Rate Case Expense Charge, which allows Northern to recover Commission-approved rate case expenses, is \$0.0043 per therm. *Id.* at Bates page 102. The proposed Reconciliation of Permanent Changes (RPC) in Distribution Rates Charge is \$0.1206 per therm for residential customers and \$0.0101 per therm for C&I customers. *Id.* at Bates page 103. The proposed Property Tax Adjustment Mechanism Charge, which permits Northern to recover the increase in local property tax expenses, is \$0.0000 per therm. *Id.* at Bates page 104. The proposed Regulatory Assessment Adjustment Mechanism Charge, which would recover changes in Northern's annual Commission assessment, is \$0.00002 per therm. *Id.* at Bates pages 104-105.

Northern also proposed changes to its On-System Peaking Demand Charge, capacity allocation percentages, Re-Entry Rates and Conversion Rates and short-term

borrowing limits. Kahl Testimony, September 16, 2022, at Bates pages 61-62.

Northern proposes no change to its Supplier Balancing Charge. *Id.* at Bates page 61.

II. ISSUES PRESENTED

The filing presents, *inter alia*, the following issues: issues related to RSA 374:2 and RSA chapter 378, including: the justness and reasonableness of rates, fares, and charges; the forecasting of sales, supplier prices, and transportation prices; weather normalization; operational issues; the retroactive adjustment of certain reconciling rates; the calculation of indirect gas costs; purchasing decisions related to current and past supplies; capacity and revenue projections related to transportation service and released capacity; the reconciliation of prior period costs and revenue; and the prudence and recovery of environmental remediation. Accordingly, an adjudicative proceeding will be convened to address these issues.

The Commission will be conducting any hearings scheduled in this matter in person. The Commission will consider requests to conduct hearings using a hybrid format to permit remote participation by a specific individual only if the Commission has determined that a sufficient reason has been provided for why that individual would be unable to attend in person. Any party requesting that a specific individual be permitted to participate remotely should file a written request with the Commission's Clerk's Office no later than ten (10) days prior to the prehearing conference or hearing date. If the Commission determines that one or more individuals will be permitted to appear remotely, then individuals in the Commission's hearing room, including the Commissioners, will be broadcast on a web-enabled platform.

Based upon the foregoing, it is hereby

ORDERED, that an adjudicative proceeding be commenced for the purpose of reviewing and resolving the foregoing issues pursuant to RSA chapter 541-A, RSA 374:2 and RSA chapter 378, and the Commission's procedural rules; and it is

FURTHER ORDERED, that the Commission will hold a hearing in this matter at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on October 20, 2022, at 1:30 p.m. Three hours shall be allotted for this hearing; and it is

FURTHER ORDERED, that any entity or individual may petition to intervene and seek to be admitted as a party in this proceeding. Each party has the right to have an attorney represent the party at the party's own expense; and it is

FURTHER ORDERED, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any entity or individual seeking to intervene in the proceeding shall file with the Commission a petition to intervene with copies sent to Northern and any other parties on the service list, on or before October 12, 2022. The petition shall state the facts demonstrating how the petitioner's rights, duties, privileges, immunities, or other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before October 19, 2022; and it is

FURTHER ORDERED, that parties shall file any proposed exhibits, written testimony, motions, or other documents intended to become part of the record in this proceeding with the Commission. Pursuant to the secretarial letter issued on March 17, 2020, which is posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>, all Commission rules requiring the filing of paper

copies are suspended until further notice. Parties may elect to submit any filing in electronic form unless otherwise ordered by the Commission. Filings will be considered filed as of the time the electronic copy is received by the Commission; and it is

FURTHER ORDERED, that routine procedural inquiries may be made by contacting the Commission's Clerk's Office at (603) 271-2431 or ClerksOffice@puc.nh.gov. All requests to the Commission should be made in a written pleading filed with the Commission. Unless otherwise authorized by law, *ex parte* communications are prohibited; and it is

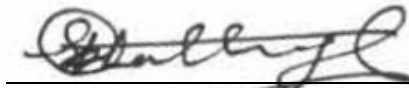
FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 203.12, Northern shall notify all entities and individuals desiring to be heard at this hearing by publishing a copy of this order of notice on its website no later than two business days after the date of issue, such publication to be documented by affidavit filed with the Commission on or before October 7, 2022. In addition, the Clerk shall publish this order of notice on the Commission's website no later than two business days after the date of issue; and it is

FURTHER ORDERED, that any hearings in this matter shall be conducted in accordance with the attached hearing guidelines.

So ordered, this thirtieth day of September, 2022.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

Service List - Docket Related

Docket# : 22-059

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