

DE 98-124

NORTHERN UTILITIES, INC.

Gas Restructuring

Order Approving Peaking Demand Charge

O R D E R N O. 23,891

January 11, 2002

I. BACKGROUND

In Order No. 23,652 (March 15, 2001), the New Hampshire Public Utilities Commission (Commission) approved a model tariff for natural gas delivery service (Model Delivery Tariff). In that order, the Commission determined the reasonableness of charging fees for certain services, including the Peaking Service Demand Charge. The Peaking Service Demand Charge appears in the Model Delivery Tariff.

On November 26, 2001, Northern Utilities, Inc. (Northern), a public utility engaged in the business of distributing natural gas in New Hampshire, filed with the Commission its proposed Peaking Service Demand Charge and supporting information along with Northern's tariff page, NHPUC No. 10 – Gas, First Revised Page 154 Superseding Original Page 154. Northern discovered it had inadvertently failed to file the Peaking Service Demand Charge earlier in the summer.

The First Revised Page 154, Schedule of

Administrative Fees and Charges, is being submitted to include the Peaking Service Demand Charge of \$13.02 per Maximum Daily Peaking Quantity (MDPQ) per month for November 2001 through April 2002 pursuant to Section 14.3.1 of Part VII, Delivery Service Terms and Conditions. According to Section 14.3.1:

The Supplier shall pay a peaking demand charge based on its MDPQ of assigned Peaking Capacity as billed by the Company for the Peak Season. Such unit demand charge shall be equal to the total Capacity costs and other fixed costs associated with the Company's peaking resources, excluding costs collected through Delivery rates, divided by the estimated peaking resources needed to meet the Company's total system Peak Day requirement.

Northern attached a confidential schedule showing the calculation of the \$13.02 per MMBtu Peaking Service Demand Charge and a Motion for Protective Order and Confidential Treatment of certain terms of agreements between Northern and its winter service wholesale suppliers that are referenced in the schedule. The Commission granted the request for protective treatment by Order No. 23,848 (November 29, 2001).

On December 5, 2001, Commission Staff (Staff) notified the Commission that it required additional time to investigate the filing and supporting materials. Staff, therefore, recommended that the proposed tariff page be temporarily suspended and not go into effect until January 1,

2002.

On December 7, 2001, the Commission issued Order No. 23,861 which allowed the Peaking Service Demand Charge to take effect, subject to reconciliation, rather than to suspend the proposed tariff. The Commission found that in this way, should the Peaking Service Demand Charge need to be applied before Staff's review is completed, customers subject to the Cost of Gas (COG) would not lose the benefit of the COG credit from the Peaking Service Demand Charge revenues.

On December 10, 2001, Northern filed supplemental information at Staff's request. On January 8, 2002, Staff notified the Commission that it had completed its review of the Peaking Service Demand Charge and found the rate to be properly calculated in accordance with the Model Delivery Tariff approved by the Commission.

II. COMMISSION ANALYSIS

Northern's Peaking Service Demand Charge tariff is a component of the overall package of terms and conditions developed as part of the Model Delivery Tariff. Revenues derived from the application of this tariff are credited to Northern's COG. In Order No. 23,861, we approved the tariff, subject to reconciliation. Upon review of Staff's recommendation, we find that it is no longer necessary to have

the rate subject to reconciliation.

Based upon the foregoing, it is hereby

ORDERED, that the following tariff page of Northern is APPROVED: NHPUC No. 10 – Gas, First Revised Page 154 Superceding Original Page 154, and the condition of reconciliation is removed.

By order of the Public Utilities Commission of New Hampshire this eleventh day of January, 2002.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary