

DE 98-124

**ENERGYNORTH NATURAL GAS, INC. D/B/A
KEYSPAN ENERGY DELIVERY NEW ENGLAND**

Gas Restructuring

Order Approving Peaking Demand Charge

O R D E R N O. 23,892

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 Demand Charge. The Peaking Demand Charge appears in the Model Delivery Tariff.

On November 8, 2001, EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy Delivery New England (KeySpan), a public utility engaged in the business of distributing natural gas in New Hampshire, filed with the Commission its proposed Peaking Demand Charge and supporting information along with the First Revised Page 153 of the Tariff for Gas Service No. NHPUC No. 5 for KeySpan. KeySpan discovered it had inadvertently failed to file the Peaking Demand Charge earlier in the summer.

First Revised Page 153, Schedule of Administrative Fees and Charges, was submitted to include the Peaking Demand Charge of \$15.14 per MMBtu of Peak Day Maximum Daily Quantity (MDQ) under Section 14.3.1 of Part III, Delivery 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 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.

KeySpan attached a confidential schedule showing the calculation of the \$15.14 per MMBtu Peaking Demand Rate along with supporting schedules, and a Motion for Protective Order and Confidential Treatment of certain terms of agreements between KeySpan and its suppliers that are referenced in the Attachments. The Commission granted the request for protective treatment by Order No. 23,853 (November 30, 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. 23,862, which allowed the Peaking 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 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 Demand Charge revenues.

On January 8, 2002, Staff notified the Commission that it had completed its review of the Peaking Demand Charge and found the rate to be properly calculated in accordance with the Model Delivery Tariff approved by the Commission.

II. COMMISSION ANALYSIS

KeySpan's Peaking 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 KeySpan's COG. In Order No. 23,862, 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 KeySpan is APPROVED: First Revised Page 153 of the Tariff for Gas Service No. NHPUC No. 5, 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