

DG 01-182

NORTHERN UTILITIES, INC.

Petition for Rate Change

Order Approving Procedural Schedule

O R D E R N O. 23,904

January 25, 2002

APPEARANCES: Rubin and Rudman, L.L.P., by Maribeth Ladd, Esq. on behalf of Northern Utilities Inc.; Office of Consumer Advocate by Kenneth Traum on behalf of residential ratepayers; and Marcia A. B. Thunberg, Esq. on behalf of the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY AND BACKGROUND

Northern Utilities, Inc. (Northern) is a public utility organized and existing under the laws of the State of New Hampshire and primarily engaged in distributing natural gas in the seacoast area of New Hampshire and Maine. On September 19, 2001, Northern filed with the New Hampshire Public Utilities Commission (Commission), a notice of intent to file rate schedules and on November 15, 2001, filed a petition for an increase in permanent rates in the amount of \$3,834,344. This represents a 7.4% increase over weather-normalized test year revenues, with a bill impact representing an average increase of 8.2% for customers, to be effective on December 16, 2001 (Petition). Also filed on September 19 was a Petition for Temporary Rates in the amount of \$3,631,049 or 7.0% over weather-normalized test year revenues. The Office

		2002
	conference call at 9:30 AM	
	Evening public hearing on	January 29,
	permanent rates	2002
	Staff and intervenor testimony	January 29, 2002
	on temporary rates	
	Data Responses due from Northern,	February 1, 2002
	DR 1-3	
	Hearing on temporary rates	February 7,
		2002
2002	Technical session on permanent rates	February 7,
		and
		February 8, 2002
2002	Data Requests, Set No. 2, to Northern	February 15,
	Data Responses due from Northern	March 1, 2002
	Data Requests, Set No. 3 to Northern	March 15, 2002
	Data Responses from Northern	April 5, 2002
	Staff and Intervenor testimony	May 15, 2002
	on permanent rates	
	Settlement Conference	May 21,
		2002
	Data Requests from Northern to	May 24, 2002
	Staff and Intervenors	
	Data Responses from	June 6, 2002
	Staff and Intervenors	
	Settlement Conference	June 11,
		2002
	Rebuttal testimony from Northern	June 13,
		2002

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Hearing on permanent rate request

June 25, 26
and 27, 2002

II. POSITIONS OF THE PARTIES AND STAFF**A. Northern Utilities Inc.**

At the prehearing conference, Northern Utilities briefly summarized its reasons for seeking a rate increase at this time. Northern stated that existing base rates covering the company's non-fuel-related expenses do not provide sufficient revenue to cover operating expenses and provide a reasonable return on invested capital. It has been ten years since Northern requested approval to implement a general rate increase. The Commission's approval of a step adjustment mechanism to offset the impact of an accelerated Bare Steel Replacement Program that took place during the 1990's has helped postpone the need for a general rate increase. Upon questioning by the Commission, Northern agreed to publish a display ad publicizing the upcoming evening public hearing and temporary rate hearing no later than January 22, 2002.

B. Office of Consumer Advocate

The OCA noted that its preliminary review of the filing indicated Northern was probably entitled to an increase. The OCA expressed its concern that the permanent rate request was probably too high. The OCA noted this was likely due to a high cost of capital figure, proformas going out more than 12 months from the end of the test year,

improper matching by proforming expenses but not recognizing the corresponding sales and customer growth, etc. The OCA was particularly concerned that the temporary request approximated the permanent request and thus expressed the same concerns that the proposed temporary rates are excessive.

C. Staff

After its preliminary review of the filing, Staff noted the following areas it intends to pursue with the Company: cost of equity, implementation of an automated meter reading system; funding for the Gas Research Institute; Northern's response to customer service complaints; and adequacy of the number of customer service phone lines.

III. COMMISSION ANALYSIS

Having reviewed the proposed procedural schedule, we find that it is reasonable and will aid in the orderly review of the petitioner's filing. Accordingly, we will approve the procedural schedule for the duration of the proceeding.

Based on the foregoing, it is hereby

ORDERED, that the procedural schedule set forth above is approved and shall govern the remainder of this proceeding.

By order of the Public Utilities Commission of New
Hampshire this twenty-fifth day of January, 2002.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Debra A. Howland
Executive Director and Secretary