

DE 98-124

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

Gas Restructuring

**Order Approving Peak and Off-Peak
Cash-Out Calculation**

O R D E R N O. 23,943

April 1, 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). Section 10.7 of the tariff currently includes an annual cash-out calculation to reconcile differences between forecasted gas usage and actual billed usage for non-daily-metered delivery service customers.

On February 28, 2002, 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 a proposed revision to the tariff requiring an annual cash-out for non-daily metered delivery service. The proposed tariff revision replaces the annual cash-out calculation with two six-month calculations to account for differences in forecast versus billed gas usage. An Off-Peak Period calculation would

involve May 1 through October 31 and a Peak Period calculation would cover November 1 through April 30. The filing provided supporting information along with the revised tariff pages 117 and 118 of NHPUC No. 5 - Tariff for Gas Service.

Under the current tariff, customers taking non-daily- metered delivery service are provided with firm delivery for 365 days without recording gas usage on a daily basis. Based on a consumption algorithm and forecasted degree-day information, the supplier is required to deliver a specific quantity of gas for that day. At the close of the day, the difference between the amount ordered based on the forecasted degree days is reconciled with the amount used based on the actual degree days. The supplier is required to cash out (i.e., account for any differences) based on those two figures. In addition, KeySpan reconciles any differences between the gas delivered based on the consumption algorithm and actual degree days versus metered (actual) usage on an annual basis. The difference is cashed out using the average of the twelve monthly indices weighted by actual degree days over the same period.

The proposed change would replace the annual cash-out with a cash-out that is calculated twice annually, once for the Peak Period (November 1 through April 30) and once for

the Off-Peak Period (May 1 through October 31).

KeySpan stated that under the current annual cash-out provision in the tariff, a customer may receive gas that the supplier did not deliver to the system, and the amount of the reimbursement (i.e., cash-out) from the supplier to KeySpan, would be calculated based on the annual weighted average of gas prices. If the actual cost of gas incurred during the Peak Period was higher than the average annual gas price (after weighting for degree days), KeySpan would not be fully reimbursed for the costs incurred to meet the gas needs of non-daily metered delivery service customers during the Peak Period, and the difference would be recovered from firm sales customers through the cost of gas.

The filing also stated that KeySpan had consulted with both the Commission Staff and the Office of the Consumer Advocate, both of which support the proposed tariff change.

II. COMMISSION ANALYSIS

Because normal daily variations in the price of gas may not be fully captured using an annual weighted average, we believe the twice-annual calculation will more closely reflect the actual cost of gas delivered to the non-daily-metered delivery service customers and allow for recovery from those customers, thereby, reducing the risk of subsidization by the

firm sales customers. Accordingly, we approve the proposed tariff change allowing for Peak and Off-Peak cash-out calculation for non-daily-metered delivery service customers.

Based upon the foregoing, it is hereby

ORDERED, that the following tariff page of KeySpan is APPROVED: First Revised Page 117 & 118 Superseding Original Page 117 & 118 of the Tariff for Gas Service No. NHPUC No. 5, effective April 1, 2002.

By order of the Public Utilities Commission of New Hampshire this first day of April, 2002.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary