STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

NATIONAL GRID'S GAS INTERIM	:	
COST RECOVERY CHARGE	:	**DOCKET NO. 3961**

REPORT AND ORDER

I. NGRID'S MAY 23, 2008 FILING

On May 23, 2008, National Grid ("NGrid") filed with the Public Utilities Commission ("Commission") an interim Gas Cost Recovery ("GCR") filing with increased rates for effect July 1, 2008. The GCR is an annual filing that allows NGrid to reconcile and recover its estimated costs for gas supplies, including pipeline transportation and storage charges, for the GCR year beginning November 1. This filing proposes to increase the rates approved by the Commission in Docket No. 3868 because of the significant increase in the cost of natural gas that has created an under-collection of more than $9 million in the current gas year and increased estimated gas costs for next winter. The filing also revises the Natural Gas Vehicle ("NGV") rate and gas marketer transportation rates.

NGrid's filing proposed increasing its GCR rates for a sixteen-month period, July 1, 2008 through October 31, 2009. For a typical NGrid residential heating customer consuming 1021 therms over the sixteen-month period, this would result in a 10 percent increase, or approximately $10 per month over currently effective rates. As part of its filing, NGrid filed a Motion for Protective Treatment of Confidential Information pursuant to Rule 1.2(g) of the Commission's Rules of Practice and Procedure.[1] Specifically, NGrid claimed that certain price terms contained in the Distrigas contract and the portfolio management fee found in the Merrill Lynch contract, as set forth in Exhibit GLB-2, are confidential, commercially sensitive and proprietary and are exceptions to the requirement of public disclosure as set forth in R.I.G.L. §38-2-1 *et seq.* NGrid asserted that public disclosure of this information would be commercially harmful to Distrigas and Merrill Lynch and that confidentiality is required to protect these companies' competitive position, bargaining latitude and negotiating leverage in the marketplace.[2]

In support of its filing, NGrid submitted the pre-filed testimonies of Peter Czekanski, Manager of Pricing for NGrid Rhode Island, and Gary Beland, Manager in the Pricing and Regulatory Department for NGrid. Mr. Czekanski stated that the proposed GCR rates are intended to recover $368 million in costs from July 2008 through October 2009. Mr. Czekanski explained that an increase is necessary now because analysis of rising gas costs projects an under-collection of $9.3 million by the end of October 2008. He noted that NGrid proposed a sixteen-month period to collect the under-collection to better spread out recovery of the same.[3]

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[1] Rule 1.02 states in pertinent part that "[a]ny party submitting documents to the Commission may request a preliminary finding that some or all of the information is exempt from the mandatory public disclosure requirements of the Access to Public Records Act. A preliminary finding that some documents are privileged shall not preclude the Commission's release of those documents pursuant to a public request in accordance with R.I.G.L. §38-2-1 *et seq.*" and that "claims of privilege are made by filing a written request with the Commission. One copy of the original document, boldly indicating on the front page, "Contains Privileged Information - Do Not Release", shall be filed with a specific indication of the information for which the privilege is sought, as well as a description of the grounds upon which the party claims privilege."

[2] NGrid Exhibit 1, Interim Gas Cost Recovery Filing, filed May 23, 2008.

[3] *Id.*, Direct Testimony of Peter C. Czekanski at 2-4.

Mr. Czekanski explained the five gas cost components for the GCR: (1) supply fixed costs - \$0.8625; (2) storage fixed costs - \$0.3724; (3) supply variable costs - \$9.4524; (4) storage variable product costs - \$1.3521; and (5) storage variable non-product costs - \$0.1290, and how they were derived to calculate the \$12.42 per dekatherm GCR factor proposed for the Residential and Small C&I class by NGrid. He noted that the commodity charge of the NGV rate is based on the supply variable costs included in the GCR rate, and the NGV rate will be updated to reflect the supply variable costs. He also proposed changes to various gas marketer charges and factors, specifically, \$0.0480 per therm for FT-2 Firm Transportation Marketer Gas Charge and \$0.0026 per percentage of balancing elected per therm of throughput in the Marketer pool for pool balancing charges. Mr. Czekanski indicated that NGrid was updating the calculation of credits/surcharges applied to marketers for pipeline capacity assignments and would file supplemental testimony upon completion of such calculations. Lastly, Mr. Czekanski identified the impact associated with the proposal for the average customer, using 1,021 therms over a sixteen-month period, as a total bill increase of approximately 10% or \$162.[4]

In his pre-filed testimony, Mr. Beland discussed the estimated gas costs and NGrid's forecasting methodology. Mr. Beland stated that the GCR factors are based on: 1) prices for gas purchases locked under the Gas Purchasing Incentive Program ("GPIP") as of April 30, 2008, 2) any non-locked purchases based on the NYMEX strip as of the close of trading on April 29, 2008, and 3) the difference between the futures contract purchases under the GPIP Plan as of April 30, 2008 and the April 29, 2008 NYMEX strip. He stated that the GPIP requires NGrid to lock-in future gas prices over a 24-

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[4] *Id.* at 6-14, Attachment PCC-5.

month horizon and that these purchases are made in a structured series of monthly increments. Mr. Beland indicated that this dollar cost-averaging approach attempts to ensure that gas rates are less susceptible to substantial short-term price swings, but still gives NGrid the ability to make discretionary purchases when market prices appear favorable.[5]

Mr. Beland explained that warm weather during the early part of the 2007-2008 winter resulted in decreased demand for natural gas and high storage inventory levels which held prices down even though the price of oil increased significantly. By mid-winter, cold weather caused demand to increase and oil prices increased sharply. He noted that while domestic gas production continues to increase, LNG and Canadian imports have decreased. In addition, higher prices in Europe and Asia have caused LNG cargoes to be delivered there instead of to the United States.[6]

Mr. Beland described the model used by NGrid to calculate gas costs. He noted that when the Company purchases supply, the actual cost varies by location or source of the gas supply, but the cost is based on the NYMEX price at the Henry Hub location. The cost differential that results from the location of the gas is the "basis" that the Company accounts for in estimating the expected cost of gas supply for the GCR period. A reasonable estimate of the expected invoice cost of the supply is created by applying the basis to the NYMEX pricing. To forecast future supply costs, NGrid used the average basis over the last two years. NGrid categorized the projected gas cost components into five areas: (1) supply fixed costs; (2) storage fixed costs; (3) supply variable costs; (4) storage variable product costs; and (5) storage variable non-product

[5] *Id.* Direct Testimony of Gary L. Beland at 2-5.
[6] *Id.* at 6-7.

costs. Mr. Beland explained how pipeline capacity is assigned to marketers, noting that NGrid was still finalizing calculations to determine the surcharges or credits for the amount of pipeline capacity to be assigned to marketers.[7]

Mr. Beland indicated that there were no changes proposed to NGrid's pipeline capacity. He noted that there were two significant changes affecting the supply portfolio and gas costs: the new supply and asset management contract with Merrill Lynch and the existing LNG liquid supply contract with Distrigas which ends October 31, 2008. Finally, Mr. Beland pointed out that NGrid is assuming that no LNG will be used on an economic dispatch basis, and therefore, the 20.39% factor will continue to be used as the cost allocation factor for pressure support costs.[8]

On June 3, 2008, NGrid filed the Supplemental Testimony of Mr. Beland which provided the calculation of the weighted average cost of the upstream pipeline transportation capacity charges and the calculation of the marketer surcharge/credit charges associated with capacity releases. He noted that the supply portfolio allows for a pipeline assignment equal to 122.1% of each customer's normal average winter day's usage. He stated that 25,258 Dth per day of capacity on six different pipeline paths is available for assignment to marketers which is the same as last year.[9]

II. DIVISION

On June 20, 2008, the Division of Public Utilities and Carriers ("Division") submitted the pre-filed testimony of Bruce R. Oliver to address NGrid's filing. Mr. Oliver identified the proposed percentage increases that would affect the rate classes: 14.6% for Residential and Small C&I customers and 11.8% to 15.2% for medium, large

[7] *Id.* at 7-12.
[8] *Id.* at 12-15.
[9] NGrid Exhibit No. 2, Supplemental Testimony of Gary L. Beland.

and extra large C&I customers. He also pointed out the 22.2%increase in NGrid's rate for Natural Gas Vehicle Service, a 4.2% reduction in the FT-2 Firm Transportation Marketer Gas Charge and a 7.1% reduction in NGrid's Pool Balancing Charge. Mr. Oliver noted that he did not support NGrid's proposal for an increase based on a 16-month period or NGrid's specific levels of charges by rate class. He did, however, conclude that an adjustment to the GCR charges was appropriate at this time based on the dramatic increases in gas cost. He opined that nautral gas prices may ebb in the second half of 2008 if the current prices cause customers to decrease their usage. Mr. Oliver stated that in his opinion, it is highly probable that NGrid's summer 2008 costs will be much greater than anticipated when the current GCR rates were set during 2007.[10]

Mr. Oliver pointed out that the increases of 11.4% in NGrid's estimates of Design winter sales and 11.2% in NGrid's Design Winter Throughput for the winter 2008-2009 contrasts with NGrid's forecast of only a 1% forecasted increase in the Normal Weather Annual Sales and Throughput for the 2008-2009 GCR year. He stated that although Mr. Czekanski suggested this difference may be related to changes in billing cycles or the number of days included in the winter season, this is not sufficient to explain the significant difference. Based on this, he was unable to support NGrid's proposed allocations of Supply Fixed Costs and Storage Fixed Costs or the proposed GCR charges. He noted NGrid's forecast appears to shift responsibilities for fixed costs from the Medium, Large and Extra Large C&I rate classes to Residential Heating and Small Commercial customers, resulting in overstated GCR charges for these two classes. Also,

[10] Division Exhibit No. 1, Direct Testimony of Bruce R. Oliver at 3-7.

the FT-2 Firm Transportation Marketer Gas Charge and the Pooling Balancing Charge are inappropriately lower.[11]

Regarding NGrid's request to set the GCR Charges for 16 months, Mr. Oliver disagreed. He noted that it is inappropriate to attempt to recover the entire shortfall associated with winter usage through an adjustment that applies only to the remaining summer months. He also stated that a sixteen-month recovery period would place a disproportionate share of the current revenue shortfall on summer usage because it includes two summer periods. Mr. Oliver pointed out that there is no reasonable plan to recover the revenue shortfalls that avoids adding a deferral balance to NGrid's gas charges for the 2008-2009 GCR year. Finally, Mr. Oliver stated that a better or more equitable distribution of gas cost responsibilities between summer or winter gas users or between rate classifications is not assured by NGrid's sixteen-month proposed GCR period. Mr. Oliver had three other concerns with the sixteen-month period: 1) his lack of time within which to review and assess the Merill Lynch agreement that will expire prior to the end of the proposed sixteen-month GCR period; 2) the lack of assurance that NGrid will be able to obtain future LNG supplies at the prices assumed by Mr. Beland; and 3) the substantial likelihood that further adjustments to the GCR charges will be necessary prior to the winter season.[12]

Mr. Oliver recommended that the Commission allow for an increase that only reflects the increase in the most recent NYMEX natural gas commodity prices and that the increase only be for the remainder of the GCR period through October 31, 2008. He noted that the only change that the Division proposes is an increase in the Supply

[11] *Id.* at 7-10.
[12] *Id.* at 11-15.

Variable Costs to $1.395 per Dth prior to adjustment for uncollectibles and $1.425 per Dth after adjustment for uncollectibles. Additionally, the Division proposed a uniform increase, in terms of dollars per therm, for all classes of service assigned Supply Variable Costs. He noted that the NGV percentage increase to be the greatest since the current rate was well below the current rate for other classes.[13]

III. ATTORNEY GENERAL

On June 9, 2008, Patrick C. Lynch, Attorney General for the State of Rhode Island, intervened. General Lynch noted that NGrid has been a "socially responsible corporate citizen." He recognized that fuel costs have risen and that NGrid, which has very little control over this increase, must pass these costs along to its customers. General Lynch pointed out that while fuel costs have risen, ratepayer income has not kept pace. He pointed out that over the last six years, NGrid has requested several increases in rates and looking at each in isolation, it is hard to object to each increase which by itself is reasonable and necessary. However, General Lynch opined that in light of the current economic climate, it may be necessary to look at the entire bill from NGrid including the components that it has some control over.[14]

General Lynch pointed out that utility distribution companies are allowed to recover rising gas costs through rates, while not bearing any of the economic pain felt by their ratepayers, and are allowed by state law to have rates set high enough to protect its investors' return on equity. He suggested that the Commission revisit NGrid's allowable return on equity and consider adjusting it so that ratepayers will not have to bear the full economic impact of increasing gas costs. He requested that the Commission cease the

[13] *Id.* at 15-17.
[14] AG Exhibit 1, Position Memorandum on Behalf of Patrick C. Lynch, Attorney General filed June 13, 2008 at 1-2.

current piecemeal approach to ratemaking and look at all of the components of the monthly bills to determine where cuts can be made to offset the current increase.[15]

IV. HEARING

Following published notice, a public hearing was conducted on July 8, 2008 at the Commission's offices at 89 Jefferson Boulevard, Warwick, Rhode Island. The following appearances were entered:

FOR NGRID:	Thomas Teehan, Esq.
FOR THE DIVISION:	Paul Roberti, Esq. Assistant Attorney General
FOR ATTORNEY: GENERAL:	Adam Sholes, Esq. Special Assistant Attorney General
FOR THE COMMISSION:	Patricia S. Lucarelli Chief of Legal Services

Prior to the beginning of the presentation of evidence by the parties, the Commission took public comment. It also ruled to grant NGrid's Motion for Protective Treatment in accordance with Rule 1.2(g) of its Rules of Practice and Procedure and to protect as confidential the pricing terms and calculations of the Distrigas contract and the portfolio-management fee established in the Merrill Lynch contract contained in GLB-2 of NGrid's initial filing and GLB-5 of the Supplemental Testimony of Gary Beland. Additionally, NGrid requested that its response to Commission Data Request 1-8 be given such protective treatment as it includes the Merrill Lynch contract. The Commission also granted this request. The protection of this information is necessary to protect not only the companies that are parties to contracts, but also the ratepayers whose

[15] *Id.* at 2-4.

interests could be compromised or adversely affected should NGrid be required to make public details of its contractual negotiations.

At the hearing, NGrid presented Mr. Czekanski and Mr. Beland as its witnesses. Mr. Czekanski testified that NGrid will not make any profit on the increase proposed. Mr. Beland explained that most of the costs that are being recovered in the GCR stem from purchases made under the gas purchasing program. He noted that under the gas purchasing program NGrid makes forward purchases of natural gas supply or financial instruments that are priced at market prices that parallel natural gas purchases. He indicated that under this program NGrid purchases a minimum of 70% of its projected volume on a moving forward basis over 24 months. Mr. Beland described that the purchases run from 24 months to 5 months ahead of the month of delivery, and that each month NGrid buys about three and one half percent of its requirements for each future month. He stated that this results in a lot of gas essentially under contract or hedged which affords customers protection from the current price increases occurring now. Mr. Beland explained how NGrid saved ratepayers money with its gas purchasing program and noted that by buying in advance for June 2008, NGrid realized a savings compared to purchases if would have had to make on a month-to-month program.[16]

Mr. Beland described the gas purchasing program as a very good way to buy gas supplies, and said he believes it is likely to save money over time. He identified a number of Massachusetts utilities that are charging more than the amount proposed by NGrid. He noted that utilities in Massachusetts charging less are much smaller than NGrid. Mr. Czekanski identified the two differences between NGrid's position and the Division's position as: (1) the Division used a later NYMEX strip; and (2) the Division

[16] Transcript of July 8, 2008 Hearing ("T.") at 94-100.

did not propose to collect any of the projected under-collection at the current time. Mr. Beland acknowledged that the NYMEX strip has gone up approximately $2 a dekatherm since the filing was compiled by NGrid. He noted that if NGrid were to file on Septermber 1, it would have the opportunity to see how the hurricane season and how storage fill would affect current rates. He pointed out Mr. Oliver's suggestion, that the situation be reviewed in several months, would require NGrid to use data from mid-August at the latest for modeling before it had a good handle on winter pricing.[17]

Mr. Beland noted that the Merrill Lynch contract provides a greater benefit to ratepayers than its predecessor, the Conoco Phillips contract, saving approximately $1.8 million per year in inventory carrying costs. This contract's benefit flows from the Company not having to finance the storage inventory and is an incremental value over prior years' GCR filings. Finally, Mr. Czekanski noted that the costs incurred by NGrid to buy gas will have to be paid at some point. He explained that deferring the costs would result in greater costs having to be paid in the future because of the interest that accrues on the money not paid. He admitted that even if the Commission approves either the 4 month increase or the sixteen-month increase, NGrid could be in for another increase before the end of the year, especially if the market stays where the prices are currently.[18]

The Division presented Mr. Oliver as its witness. On direct examination, Mr. Oliver addressed two issues, design winter volumes and the length of the GCR adjustment period. Regarding the design winter volumes, Mr. Oliver noted that investigation by the Company revealed that NGrid's numbers were off a bit in its fall,

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[17] Id. at 105-106, 123-128.
[18] *Id.* at 131-139.

2007 filing; however, this did not have a large impact on the rates approved by the Commission. Mr. Oliver testified that NGrid's summary of his comments missed a number of issues he believes to be important in assessing the length of the adjustment period. He noted that regardless of the length of the adjustment period, it is likely that an interim adjustment will be needed prior to the winter period because waiting beyond November to implement an adjustment will result in missing significant winter volumes. This will result in a much larger increase to recover the under-collection, which would be inconsistent with prior Commission policies and rate stability.[19]

Mr. Oliver noted that there has not been adequate time to look into the details of the Merrill Lynch agreement and its terms are somewhat different from the Conoco Phillips agreement that it replaced. He pointed out that if the Commission chose the Division's three and one-half month proposal, there would be more time within which to look at the Merrill Lynch contract. Mr. Oliver also pointed to a new LNG supply contract that he believes the Commission needs to look at during the fall review process, prior to that contract going into place. Also, he noted outstanding issues relating to asset management incentives, and opined that spreading the increase over this summer will result in summer users paying double their share of any under-collection. Lastly, Mr. Oliver testified regarding the volatility of the market, noting that it will probably continue, thus requiring another review of prices sooner rather than later. Because of this volatility, the sixteen-month option posed by NGrid is unrealistic.[20]

Mr. Oliver testified that the gas purchasing program has worked very effectively. He stated that to measure the gas purchasing program he would compare it to the prices

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[19] *Id.* at 146-148.
[20] T. at 148-151.

of other utilities here and in other areas of the country. He described how this area is still paying about $1.25 for a purchased gas charge, while in the Washington D.C. area the charge is between $1.53 and $1.61. He opined that price difference shows how the gas purchasing program is working, providing greater rate stability than in other parts of the country.[21]

When questioned as to his opinion regarding the suggestions made during public comment to defer any increase until a later date, Mr. Oliver testified that such a deferral would result in the existing deficit balance growing further. He testified that his proposal for the three and one-half month increase, as opposed to the sixteen-month alternative proposed by NGrid, was in the best interest of the ratepayers.

IV. COMMISSION FINDINGS

At its open meeting, on July 10, 2008, the Commission considered NGrid's request to increase its rates for gas supply. It was not necessary for the Commission to rule on NGrid's Motion for Protective Treatment as it had granted this Motion at the commencement of the hearing. At the hearing, the Commission found that protection of this information was necessary to protect not only the companies, that are parties to contracts, but the ratepayers, whose interests could be compromised or adversely affected should NGrid be required to make public details of its contractual negotiations.

The Commission considered NGrid's proposal to increase the GCR rate for the sixteen-month period ending October 31, 2009, the Division's recommendation to increase the GCR rate until the end of October 2008, and the option suggested by many of those who made public comment, to defer any increase until a later date. The Commission heard emotional testimony during the public hearings in the communities it

[21] T. at 153-154.

traveled to and immediately preceding the hearing at the Commission offices. It is with extraordinary difficulty that the Commission is challenged with a request for a significant increase in NGrid's GCR rates in order to better reflect current gas prices and to address current gas cost under-collections. The Commission's past regulatory practice in setting rates has been to limit any under-collection from growing to an unmanageable level.[22] It is important to note that the goal of eliminating NGrid's under-collection must be balanced with the goal of avoiding rate shock. To allow the under-collection to grow to an unmanageable level could result in rate shock in the future.

The increase sought by NGrid is for the cost of the natural gas it distributes to its customers. Because the federal government deregulated the price of wholesale gas with the Natural Gas Policy Act of 1978 and preempted the states from regulating the price of wholesale natural gas,[23] the Commission has no authority to regulate the cost of natural gas. At some point in time, NGrid must pay for the gas it is purchasing on behalf of its customers. Whether payment occurs now or at some point in the future, ratepayers will have to reimburse the Company for the cost of the gas NGrid buys on their behalf. The Company realizes no profits from its purchase of the natural gas it distributes to its customers, nor does it suffer a loss. Deferring any increase may result in the projected $9.3 million under-collection by the end of October 2008 increasing, especially in light of the rising costs of natural gas. This could require an even greater percentage increase at some later date.

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[22] Order Nos. 17444 and 18521.

[23] *Transcontinental Pipeline v. State Oil & Gas Bd.*, 474 U.S. 409 (1986).

During the last two years, NGrid has requested decreases in its GCR rate. In Docket No. 3766, the Commission approved a 5.4% decrease in 2006.[24] Again in 2007, the Commission approved of a 1.5% decrease in Docket No. 3868.[25] Both of these cases occurred during a time when gas prices were declining. In fact, the Commission warned in Docket No. 3766, where it allowed for a 5.4% decrease in rates following a 17.3% increase the preceding year,[26] that there was "no assurance that there will not be a price spike necessitating a GCR rate increase for November 2007.[27] Fortunately, the rate decreased one more time, if only by 1.5%, before this necessary increase. The Commission is reassured by the testimony of the Division's expert that Rhode Island pays less for its natural gas than many other parts of the country. The Commission cannot guarantee that future increases in the GCR rate will not occur, as it has no control over the cost of natural gas. It can, however, assure ratepayers that it will make every effort to promote rate stability. Finally, the Commission unanimously approved a motion by the Chairman to order an audit of the Company for the purpose of verifying that NGrid's the amounts submitted by NGrid for recovery of the cost of natural gas are in compliance with the Gas Purchasing Program. The cost of this audit shall be borne by NGrid, not its ratepayers.

The Commission finds that the Gas Cost Recovery factors proposed by the Division, set forth on a per therm basis, of: $1.2269 for residential and small commercial and industrial customers; $1.2260 for medium commercial and industrial customers; $1.2300 for large low load factor commercial and industrial customers; $1.2039 for large

[24] Order No. 18879.
[25] Order No. 19151.
[26] Order No. 18521.
[27] Order No. 18879.

high load factor commercial and industrial customers; $1.2269 for extra large low load factor commercial and industrial customers; and $1.1938 for extra large high load factor commercial and industrial customers were reasonable and justified. Further, the Commission finds the Natural Gas Vehicle Rate of $0.9326 per therm was reasonable and justified.

Accordingly, it is

(19418) ORDERED:

1. The Gas Cost Recovery Factors, the Natural Gas Vehicle Commodity Rate, the Gas Marketer Charges filed by the Company on May 23, 2008 and the Marketer Surcharges/ Credits for Transportation capacity filed by the Company on June 3, 2008 are hereby denied.
2. The Gas Cost Recovery factors, set forth on a per therm basis, of: $1.2269 for residential and small commercial and industrial customers; $1.2260 for medium commercial and industrial customers; $1.2300 for large low load factor commercial and industrial customers; $1.2039 for large high load factor commercial and industrial customers; $1.2269 for extra large low load factor commercial and industrial customers; and $1.1938 for extra large high load factor commercial and industrial customers, are approved for usage on and after July 15, 2008.
3. The Natural Gas Vehicle Rate of $0.9326 per therm is approved for usage on and after July 15, 2008.
4. The Motion for Protective Treatment of certain pricing terms in the Distrigas contract and the portfolio management fee established by the Merrill Lynch contract,

specifically NGrid Exhibit 1 GLB-2, NGrid Exhibit 2 GLB-5 and Commission Exhibit 2 Data Request 1-8, is approved.

5. NGrid shall conduct and pay for an audit for the purpose of verifying the amounts submitted to the Commission by NGrid for recovery of the cost of natural gas. The cost of this study shall be borne by NGrid and not its ratepayers.
6. National Grid shall comply with the reporting requirements and all other findings and directives contained in this Report and Order.

EFFECTIVE IN WARWICK, RHODE ISLAND PURSUANT TO OPEN MEETING DECISIONS ON JULY 10, 2008 and AUGUST 7, 2008. WRITTEN ORDER ISSUED AUGUST 17, 2008.

PUBLIC UTILITIES COMMISSION

Elia Germani, Chairman

Robert B. Holbrook, Commissioner*

Mary E. Bray, Commissioner

Dissenting Opinion:

I respectfully dissent from the decision of the majority that accepts the position of the Division of Public Utilities and Carriers. This decision does not allow for recovery of NGrid's under-collection, which will eventually have to be paid. The longer it takes to pay this money, the greater the amount of interest that will accrue, resulting in a larger debt owed by ratepayers. I believe that NGrid's sixteen-month proposal to increase rates to recover the increasing cost of gas, as well as the Company's $9.3 million under-collection, is a reasonable proposal and better distributes the monetary increase that will ultimately have to be paid by the ratepayers.

Robert B. Holbrook

Robert B. Holbrook, Commissioner