

October 4, 2018

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 4872 - 2018 Gas Cost Recovery Filing
Responses to Division Data Requests – Set 5**

Dear Ms. Massaro:

Enclosed please find 10 copies of National Grid's¹ responses to the Fifth Set of Data Requests issued by the Division of Public Utilities and Carriers (Division) in the above-referenced docket.

This filing also contains a Motion for Protective Treatment of Confidential Information in accordance with Rule 1.2(g) of the Public Utilities Commission's (PUC) Rules of Practice and Procedure and R.I. Gen. Laws § 38-2-2(4)(B). National Grid seeks protection from public disclosure of certain confidential information from a gas supply agreement contained in National Grid's response to Division 5-5. National Grid has provided the PUC with one complete unredacted copy of the confidential materials in a sealed envelope marked "**Contains Privileged and Confidential Materials – Do Not Release,**" and has included redacted copies of the materials for the public filing.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-7415.

Very truly yours,



Robert J. Humm

Enclosures

cc: Docket 4872 Service List
Leo Wold, Esq.
Al Mancini, Division
John Bell, Division
Bruce Oliver, Division

¹ The Narragansett Electric Company d/b/a National Grid (National Grid or Company).

awarded the bid in response to the request for proposals and the term of the agreement, so the Company has provided redacted and un-redacted versions of its response to Division 5-5.

In light of the confidential nature of the response to Division 5-5, the Company requests that, pursuant to Rule 1.2(g), the PUC afford confidential treatment to the redacted information contained in National Grid's response to Division 5-5.

II. LEGAL STANDARD

Rule 1.2(g) of the PUC's Rules of Practice and Procedure provides that access to public records shall be granted in accordance with the Access to Public Records Act (APRA), R.I. Gen. Laws § 38-2-1, *et seq.* Under APRA, all documents and materials submitted in connection with the transaction of official business by an agency is deemed to be a "public record," unless the information contained in such documents and materials falls within one of the exceptions specifically identified in R.I. Gen. Laws § 38-2-2(4). To the extent that information provided to the PUC falls within one of the designated exceptions to the public records law, the PUC has the authority under the terms of APRA to deem such information as confidential and to protect that information from public disclosure.

In that regard, R.I. Gen. Laws § 38-2-2(4)(B) provides that the following types of records shall not be deemed public:

Trade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature.

The Rhode Island Supreme Court has held that this confidential information exemption applies where the disclosure of information would be likely either (1) to impair the government's ability to obtain necessary information in the future; or (2) to cause substantial harm to the competitive

position of the person from whom the information was obtained. *Providence Journal v. Convention Ctr. Auth.*, 774 A.2d 40, 47 (R.I. 2001).

The first prong of the test is satisfied when information is provided to the governmental agency and that information is of a kind that would customarily not be released to the public by the person from whom it was obtained. *Providence Journal*, 774 A.2d at 47.

III. BASIS FOR CONFIDENTIALITY

The information in response to Division 5-5 regarding the gas supply agreement effective December 1, 2018 is confidential and privileged information of the type that National Grid would not ordinarily make public. As such, the information should be protected from public disclosure. Public disclosure of the information could impede National Grid's ability to negotiate advantageous gas supply contract terms in the future. Accordingly, National Grid is providing the information in response to Division 5-5 on a voluntary basis to assist the PUC with its decision-making in this proceeding, but respectfully requests that the PUC provide confidential treatment to the information.

IV. CONCLUSION

For the foregoing reasons, National Grid respectfully requests that the PUC grant its Motion for Protective Treatment of Confidential Information.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC
COMPANY d/b/a NATIONAL GRID**

By its attorney,

A handwritten signature in blue ink, appearing to be 'RH', with a long horizontal flourish extending to the right.

Robert J. Humm, Esq. (#7920)

National Grid

280 Melrose Street

Providence, RI 02907

(401) 784-7415

Dated: October 4, 2018

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4872
2018 Annual Gas Cost Recovery Filing
Responses to Division's Fifth Set of Data Requests
Issued September 13, 2018

Division 5-1

Request:

Please provide the Company's estimates, of the LNG deliveries in Dth (and numbers of truck loads) that will be required by month for the November 2018 - October 2019 GCR Year under **normal weather** conditions for:

- a. Providence
- b. Cumberland
- c. Exeter
- d. Portsmouth/Aquidneck

Response:

Please see below for each location:

Estimated LNG Deliveries - Normal Weather												
Volumes in Dth by location												
	<u>Nov 18</u>	<u>Dec 18</u>	<u>Jan 19</u>	<u>Feb 19</u>	<u>Mar 19</u>	<u>Apr 19</u>	<u>May 19</u>	<u>Jun 19</u>	<u>Jul 19</u>	<u>Aug 19</u>	<u>Sep 19</u>	<u>Oct 19</u>
Providence	0	103,900	0	55,400	32,800	63,000	110,000	99,900	140,400	105,000	139,900	13,300
Cumberland	0	0	0	0	0	0	0	0	0	0	0	0
Exeter	0	34,300	0	36,500	37,100	87,000	45,000	50,100	14,600	2,700	10,100	6,200
Portsmouth/Aquidneck	0	0	0	0	0	0	0	0	0	0	0	0

Estimated LNG Deliveries - Normal Weather												
Number of truck loads by location												
	<u>Nov 18</u>	<u>Dec 18</u>	<u>Jan 19</u>	<u>Feb 19</u>	<u>Mar 19</u>	<u>Apr 19</u>	<u>May 19</u>	<u>Jun 19</u>	<u>Jul 19</u>	<u>Aug 19</u>	<u>Sep 19</u>	<u>Oct 19</u>
Providence	0	109	0	58	35	66	116	105	148	111	147	14
Cumberland	0	0	0	0	0	0	0	0	0	0	0	0
Exeter	0	36	0	38	39	92	47	53	15	3	11	7
Portsmouth/Aquidneck	0	0	0	0	0	0	0	0	0	0	0	0

In regard to the Portsmouth/Aquidneck location, the Company does not expect the need for liquefied natural gas (LNG) during the 2018-19 winter period; however, LNG may be needed some time during the spring or summer. The operator of the pipeline serving the Aquidneck Island area uses an in-line inspection method commonly referred to as "pigging" to assess its transmission pipeline. Pigging refers to the practice of inserting an in-line inspection tool, commonly referred to as a "smart" pig, into the pipeline that can travel through the interior and locate any dents or areas of wall loss due to corrosion. Accordingly, the Company must provide backup gas supply during the pigging operation in case the pig becomes lodged inside the pipeline, requiring the pipeline to be cut open to extract the pig or otherwise taken out of service for repairs.

The Narragansett Electric Company
d/b/a National Grid
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Division 5-2

Request:

Please provide the Company's estimates, of the LNG deliveries in Dth (and numbers of truck loads) that will be required by month for the November 2018 - October 2019 GCR Year under **Design Winter** conditions for:

- a. Providence
- b. Cumberland
- c. Exeter
- d. Portsmouth/Aquidneck

Response:

Please see below for each location:

Estimated LNG Deliveries - Design Weather												
Volumes in Dth by location												
	<u>Nov 18</u>	<u>Dec 18</u>	<u>Jan 19</u>	<u>Feb 19</u>	<u>Mar 19</u>	<u>Apr 19</u>	<u>May 19</u>	<u>Jun 19</u>	<u>Jul 19</u>	<u>Aug 19</u>	<u>Sep 19</u>	<u>Oct 19</u>
Providence	0	89,400	6,800	52,800	37,800	63,000	110,000	102,700	137,000	101,500	144,000	13,300
Cumberland	1,900	0	12,000	0	0	0	0	0	0	0	0	0
Exeter	0	72,200	200	27,200	13,600	87,000	45,000	47,300	18,000	6,200	6,000	6,200
Portsmouth/Aquidneck	0	0	0	0	0	0	0	0	0	0	0	0

Estimated LNG Deliveries - Design Weather												
Number of truck loads by location												
	<u>Nov 18</u>	<u>Dec 18</u>	<u>Jan 19</u>	<u>Feb 19</u>	<u>Mar 19</u>	<u>Apr 19</u>	<u>May 19</u>	<u>Jun 19</u>	<u>Jul 19</u>	<u>Aug 19</u>	<u>Sep 19</u>	<u>Oct 19</u>
Providence	0	94	7	56	40	66	116	108	144	107	152	14
Cumberland	2	0	14	0	0	0	0	0	0	0	0	0
Exeter	0	76	0	29	14	92	47	50	19	7	6	7
Portsmouth/Aquidneck	0	0	0	0	0	0	0	0	0	0	0	0

In regard to the Portsmouth/Aquidneck location, the Company does not expect the need for liquefied natural gas (LNG) during the 2018-19 winter period; however, LNG may be needed some time during the spring or summer, as discussed in the Company's response to Division 5-1.

Division 5-3

Request:

The Company's response to Division Data Request 1-10.f. in Docket No. 4816 indicates "*the Company has started the process of establishing a permanent portable LNG site at the Old Mill Lane Gate Station in Portsmouth.*" It also states, "*The portable LNG site in Portsmouth is anticipated to be capable of operating during the winter of 2018/19.*" In the context of that response, please:

- a. Provide the data and analyses upon which the Company has relied to assess the need for the re-establishment of LNG gasification capability in the Portsmouth/Newport/Aquidneck Island area;
- b. Document all costs that the Company has incurred to date and/or plans to incur within each of the next three years to re-establish either temporary or permanent LNG gasification capability in the Portsmouth/Newport/ Aquidneck Island area;
- c. Provide the Company's assessment of the annual Operating and Maintenance costs the Company has budgeted for the 2018-19 GCR year to have the capability to support operation of portable LNG facilities in Portsmouth during the winter of 2018/19;
- d. Document the Company's assessment of the condition of the existing LNG equipment at the Naval Base, and the date upon which the Company determined that the referenced equipment was "not operational;"
- e. Document when the costs for the non-operational equipment at the Naval Base were removed from the Company's rate base, and if those costs have not been removed from the Company's rate base, explain when and under what criteria it would be removed;
- f. Provide the Company's plan for obtaining qualified personnel to support the operation of portable LNG facilities in Portsmouth for:
 - i. The winter of 2018-19
 - ii. Each of subsequent winter

Please include in the response the anticipated personnel hours by month for the 2018-19 GCR year showing separately the use of in-house personnel and outside contractors and detailing personnel hours by activity, including but not limited to: (1) personnel training, (2) transport of portable LNG equipment and service vehicles, (3) set-up of portable LNG equipment, (4) inspection and permitting of portable LNG equipment, (5) demobilization of portable LNG equipment.

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Response:

- a. The need for liquefied natural gas (LNG) gasification capability is due to the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) regulatory requirement for operators of transmission pipelines to periodically inspect their pipelines according to 49 C.F.R. 192, Subpart O. The operator of the pipeline serving the Aquidneck Island area uses an in-line inspection method commonly referred to as "pigging" to assess its transmission pipeline. Pigging refers to the practice of inserting an in-line inspection tool, commonly referred to as a "smart" pig, into the pipeline that can travel through the interior and locate any dents or areas of wall loss due to corrosion. Accordingly, the Company must provide backup gas supply during the pigging operation in case the pig becomes lodged inside the pipeline, requiring the pipeline to be cut open to extract the pig or otherwise taken out of service for repairs. Thus, the LNG gasification will ensure reliable supply during line pigging of the transmission line serving Aquidneck Island.
- b. In calendar year 2018, the Company spent \$708,490 in operations and maintenance (O&M) costs and \$256,952 in capital costs to install and operate temporary LNG equipment at Old Mill Lane in Portsmouth. Specifically, the Company incurred the following costs:

Operations & Maintenance (exclusive of commodity cost):

LNG equipment rental	\$222,000
Ramps & Odorant System	\$ 27,000
Security	\$ 34,000
Contractor (Fraser)	\$ 15,843
Labor & Fleet	\$116,000
Transgas	\$ 3,648
Matting	\$136,300
Electrical	\$ 90,004
Concrete Barriers	\$ 24,120
<u>Engineering Siting study</u>	<u>\$ 39,575</u>
Total	\$708,490

Capital:

Gas piping tap	\$132,602
<u>Generator</u>	<u>\$124,350</u>
	\$256,952

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The Company anticipates spending the following in calendar year 2019 to provide backup supply during repairs to the Aquidneck Island area transmission pipeline by Enbridge Inc. If the pipeline is shut down to facilitate the repair, the Company expects that these expenses will be reimbursed from the pipeline company.

<u>Operations & Maintenance (exclusive of commodity cost):</u>	
LNG equipment rental	\$222,000
Odorant System	\$ 12,000
Security	\$ 34,000
Contractor (Fraser)	\$ 15,843
Labor & Fleet	\$116,000
Transgas	\$ 3,648
Matting	\$136,300
Electrical	\$ 90,004
Concrete Barriers	\$ 24,120
Total	\$653,915

The Company does not anticipate any further spending in fiscal year 2020 based on the assumption that Enbridge will successfully repair the pipeline in one season and not repeat the pigging operation for several years.

- c. At this time, the Company has no plans to use portable LNG in Portsmouth during the winter of 2018-19.
- d. The existing LNG equipment at the Newport Naval Base is operational. No decision to retire this equipment has been made. The reason the Company [has not/will not] used the Newport Naval Base site in calendar year 2018 is due to the challenges associated with site access.
- e. To date, the equipment at the Newport Naval Base has not been removed from rate base. The equipment would be removed from rate base if it were retired. No decision to retire this equipment has been made.
- f. At this time, the Company has no plans to operate portable LNG facilities at Portsmouth for the winter of 2018-19. The next time the facility will be operated has not been determined.

Division 5-4

Request:

The Company's response to Division Data Request 4-21.b. in Docket No. 4719 indicated that as of February 14, 2018 11,571 MMBtus of contracted Annual Contract Quantity (ACQ) for the Cumberland portable LNG facility remained unused. Please:

- a. Document the Company's contracted ACQ by day between January 16, 2018 and February 14, 2018;
- b. Document the Company's use of ACQ contracted for Cumberland over the remaining days of the winter of 2017-18, and to the extent any of the contracted ACQ was not fully utilized, please detail the disposition of the remaining volumes and the costs associated with the Company's disposition of those volumes;
- c. Provide the criteria used by the Company to determine when and in what quantities LNG was used at the Cumberland portable facility during the winter of 2017-18; and
- d. Explain why, in the context of the severe cold experienced in the period from mid-December 2017 through mid-January 2018 a greater percentage of the contracted ACQ for Cumberland was not used;
- e. Document the MMBtus of LNG that were held in storage at the Cumberland portable LNG site for each day of the winter of 2017-18.

Response:

- a. Please see Table A below. Please note that Table A includes updated usage information for December 20, 21, and 29, 2017 and January 6 and 7, 2018.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4872
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Table A Division 5-4											
January 16, 2018 to March 31, 2018											
		Sendout Dth			Sendout Dth			Sendout Dth			Sendout Dth
Sat	9-Dec-17	0	Mon	8-Jan-18	0	Wed	7-Feb-18	0	Fri	9-Mar-18	0
Sun	10-Dec-17	0	Tues	9-Jan-18	0	Thurs	8-Feb-18	0	Sat	10-Mar-18	0
Mon	11-Dec-17	0	Wed	10-Jan-18	0	Fri	9-Feb-18	0	Sun	11-Mar-18	0
Tues	12-Dec-17	0	Thurs	11-Jan-18	0	Sat	10-Feb-18	0	Mon	12-Mar-18	0
Wed	13-Dec-17	0	Fri	12-Jan-18	0	Sun	11-Feb-18	0	Tues	13-Mar-18	0
Thurs	14-Dec-17	0	Sat	13-Jan-18	0	Mon	12-Feb-18	0	Wed	14-Mar-18	0
Fri	15-Dec-17	0	Sun	14-Jan-18	0	Tues	13-Feb-18	0	Thurs	15-Mar-18	0
Sat	16-Dec-17	0	Mon	15-Jan-18	0	Wed	14-Feb-18	0	Fri	16-Mar-18	0
Sun	17-Dec-17	0	Tues	16-Jan-18	0	Thurs	15-Feb-18	0	Sat	17-Mar-18	0
Mon	18-Dec-17	0	Wed	17-Jan-18	0	Fri	16-Feb-18	0	Sun	18-Mar-18	0
Tues	19-Dec-17	0	Thurs	18-Jan-18	0	Sat	17-Feb-18	0	Mon	19-Mar-18	0
Wed	20-Dec-17	729	Fri	19-Jan-18	0	Sun	18-Feb-18	0	Tues	20-Mar-18	0
Thurs	21-Dec-17	853	Sat	20-Jan-18	0	Mon	19-Feb-18	0	Wed	21-Mar-18	0
Fri	22-Dec-17	0	Sun	21-Jan-18	0	Tues	20-Feb-18	0	Thurs	22-Mar-18	0
Sat	23-Dec-17	0	Mon	22-Jan-18	0	Wed	21-Feb-18	0	Fri	23-Mar-18	0
Sun	24-Dec-17	0	Tues	23-Jan-18	0	Thurs	22-Feb-18	0	Sat	24-Mar-18	0
Mon	25-Dec-17	0	Wed	24-Jan-18	0	Fri	23-Feb-18	0	Sun	25-Mar-18	0
Tues	26-Dec-17	0	Thurs	25-Jan-18	0	Sat	24-Feb-18	0	Mon	26-Mar-18	0
Wed	27-Dec-17	0	Fri	26-Jan-18	0	Sun	25-Feb-18	0	Tues	27-Mar-18	0
Thurs	28-Dec-17	0	Sat	27-Jan-18	0	Mon	26-Feb-18	0	Wed	28-Mar-18	0
Fri	29-Dec-17	548	Sun	28-Jan-18	0	Tues	27-Feb-18	0	Thurs	29-Mar-18	0
Sat	30-Dec-17	0	Mon	29-Jan-18	0	Wed	28-Feb-18	0	Fri	30-Mar-18	0
Sun	31-Dec-17	0	Tues	30-Jan-18	0	Thurs	1-Mar-18	0	Sat	31-Mar-18	0
Mon	1-Jan-18	0	Wed	31-Jan-18	0	Fri	2-Mar-18	0			
Tues	2-Jan-18	0	Thurs	1-Feb-18	0	Sat	3-Mar-18	0			
Wed	3-Jan-18	0	Fri	2-Feb-18	0	Sun	4-Mar-18	0			
Thurs	4-Jan-18	0	Sat	3-Feb-18	0	Mon	5-Mar-18	0			
Fri	5-Jan-18	0	Sun	4-Feb-18	0	Tues	6-Mar-18	0			
Sat	6-Jan-18	2506	Mon	5-Feb-18	0	Wed	7-Mar-18	0			
Sun	7-Jan-18	430	Tues	6-Feb-18	0	Thurs	8-Mar-18	0			
										TOTAL	5066

- b. Please see Table A above. As of March 1, 2018, the Company had remaining 12,945 dekatherms (Dth) of its ACQ for the Cumberland liquefied natural gas (LNG) portable facility. The Company trucked the remaining 12,945 Dth from the ENGIE facility in Everett, Massachusetts to the National Grid LNG, LLC facility in Providence, Rhode Island for the Company's portfolio. The variable cost for March 2018 was at a NYMEX price of \$2.639 per Dth, plus an estimated trucking cost of \$1.10 per unit. The total cost for the remaining liquid on the contract was \$48,401.35.

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- c. LNG use is expected when the daily average temperature is five degrees Fahrenheit or colder at Providence. Quantities used would be determined based on maintaining pipeline maximum daily quantity (MDQ) or system pressure requirements. For the 2017-18 winter season, the Company used LNG on January 6, 2018 to maintain pipeline MDQ.
- d. Although the region experienced prolonged below-normal temperatures for the December 2017 to mid-January 2018 period, the Company did not experience temperatures meeting the criteria for LNG use until January 6, 2018. LNG use prior to January 6, 2018 was for testing of equipment and training personnel
- e. Please see Table B below.

TABLE B						
Date	Deliveries (pounds)	Deliveries (gal)	Vaporizing (gal)	Cum. Daily Total (gallons)	Inventory [Cum. Daily Total (scf)]	Cum. Daily Total (BTU)
12/20/2017	34,000	9,067	-	9,067	748,934	775,895,831
12/21/2017	38,660	10,309	(18,494)	882	72,881	75,504,440
12/22/2017	-	-	-	882	72,881	75,504,440
12/23/2017	-	-	-	882	72,881	75,504,440
12/24/2017	-	-	-	882	72,881	75,504,440
12/25/2017	-	-	-	882	72,881	75,504,440
12/26/2017	-	-	-	882	72,881	75,504,440
12/27/2017	71,200	18,987	-	19,869	1,641,179	1,700,261,858
12/28/2017	37,760	10,069	-	29,938	2,472,906	2,561,930,961
12/29/2017	-	-	(6,406)	23,532	1,943,771	2,013,746,480
12/30/2017	-	-	-	23,532	1,943,771	2,013,746,480
12/31/2017	-	-	-	23,532	1,943,771	2,013,746,480
1/1/2018	-	-	-	23,532	1,943,771	2,013,746,480
1/2/2018	-	-	-	23,532	1,943,771	2,013,746,480
1/3/2018	57,230	15,261	-	38,794	3,204,357	3,319,713,714
1/4/2018	-	-	-	38,794	3,204,357	3,319,713,714
1/5/2018	-	-	-	38,794	3,204,357	3,319,713,714
1/6/2018	-	-	-	38,794	3,204,357	3,319,713,714
1/7/2018	-	-	(34,323)	4,471	369,277	382,571,041
January 7th - Unpumpable level reached. No deliveries received for the remaining winter. No useable volume remaining in the four storage tanks beyond this point through 3/31/2018						
BTU of 1036 per SCF						

Redacted
Division 5-5

Request:

In response to Division Data Request 1-4 Regarding Pipeline Capacity Utilization Issued on November 28, 2017, the Company stated, "*Supply contract durations are generally limited to a maximum of term of one seasonal period.*" Please:

- a. Indicate if that is still generally true for National Grid's RI operations;
- b. Identify each exception to that statement that can be found within the Company's current gas supply portfolio;
- c. Explain whether the referenced limitation on the maximum term for supply contracts is imposed by National Grid or by its suppliers, and explain why that limitation is reasonable and appropriate.

Response:

- a. Yes, the referenced statement is still generally true for National Grid's Rhode Island operations.
- b. Exceptions to the referenced statement that can be found within the Company's current portfolio include the following: (1) a winter vapor supply agreement with [REDACTED] with a term commencing December 1, 2018 [REDACTED]; (2) an off-peak liquid summer refill agreement with ENGIE that commenced May 15, 2016 and expires December 1, 2020; and (3) an off-peak liquid summer agreement with Gaz Metro that commenced April 1, 2016 and will terminate November 30, 2018.
- c. When entering into a transaction for a given term, the Company will consider a combination of factors, including forecasted need and liquidity at a supply point. In regions such as the Marcellus Shale basin, the Company has not experienced difficulty in securing competitively priced, reliable supplies; this experience has therefore not warranted the Company to consider terms for supply contracts in excess of a seasonal period. When the forecast requires the Company to secure incremental citygate and liquefied natural gas supplies in illiquid regions such as New England, the Company will consider contracts for durations greater than a season. For example, on April 3, 2018, the Company issued a request for proposals (RFP) for a long term supply deal to limit the Company's exposure off the Tennessee Gas Pipeline (Tennessee) served by receipts out

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Division 5-5, page 2

of Everett, Massachusetts. The RFP called for a 10-year term beginning December 1, 2018. The Company's decision to consider supply arrangements with a term up to 10 years was driven both by forecasted demand utilizing the Tennessee capacity served by Everett receipts, as well as concern that with a single supply source at Everett, the Company would be exposed to price volatility and supply uncertainty if the Company did not consider a long term supply contract.