

July 14, 2022

BANGOR NATURAL GAS COMPANY, INC.
Annual Review of Cost of Gas Activities for
May 1, 2021 - April 30, 2022

NOTICE OF PROCEEDING
AND OPPORTUNITY TO
INTERVENE

I. Pre-filing Protective Order Request

On June 22, 2022, Bangor Natural Gas Company, Inc. (Bangor Gas) filed a Motion for Temporary Protective Order No. 1 and draft protective order to govern sensitive information in its anticipated annual cost of gas review proceeding.

The Examiners issued Temporary Protective Order No. 1 on June 24, 2022 directing Bangor Gas to mark all information in its filing and attachments for which it seeks confidential information and provide redacted versions of all documents containing confidential information.¹

II. Annual Cost of Gas Filing

On July 1, 2022, (Bangor Gas) filed its Annual Cost of Gas Activities Report (Report) for May 1, 2021 – April 30, 2022 along with Confidential Exhibits 1 through 9, subject to Temporary Protective Order No. 1, in both confidential and redacted public format. Exhibits containing confidential information include summaries of the cost of gas purchases and sales and revenues (Exhibit 1); a comparison of forecasted and actual amounts hedged by month (Exhibit 2, sheets 1 (hedge volumes), 3 (customer additions by month, weather normalized usage, new load growth), 4 (forecast and actual usage, hedge volume and price data), 6 (Bangor Gas and Marquette forecast comparison), and 7 (historical winter period pricing analysis); minutes of meetings relating to gas procurement (Exhibit 3); gas purchase transaction confirmations and communications (Exhibit 4); and Marquette Energy Analytics' graphic analyses for each month of the 2021 – 2022 review period (Exhibit 5). Bangor Gas's public exhibits include Exhibit 2 sheets 2 (historical heating degree days) and 5 (historical monthly throughput); its calculation of lost and unaccounted for gas (LAUF) (Exhibit 7); and

¹ In keeping with the Commission's goal of standardizing the extent of cost of gas information protection across Maine's competitive natural gas companies, the Examiners may inquire further into the basis for protective treatment of redacted information to ascertain whether the current level of confidential protection is warranted or should be refined in scope. *Summit Natural Gas of Maine Request for Approval of Annual Cost of Gas Rate Adjustment (2021)*, Docket No. 2021-00186 Order at 17-19 (Oct. 1, 2021) and *Bangor Natural Gas Company Annual Review of Cost of Gas Activities for May 1, 2020 – April 30, 2021*, Docket No. 2021-00164, Order at 10-12 (Apr. 22, 2021).

Exhibits 8-A and 8-B showing data supporting its long-imbalance analyses and supporting workpapers and a schedule of operation flow orders (OFOs) (Exhibit 9).

Bangor Gas proposes to set a system LAUF of 0.7% for application to all Transportation Service customers through the Fuel Reimbursement requirement and an equivalent percentage inures to Sales Service customers through their cost of gas rates. System LAUF is determined annually for application in the upcoming year beginning November 1, 2022.

In public Appendix A to the Report, Bangor Gas has also provided its responses to The Liberty Consulting Group's audit recommendations for Bangor Gas, pursuant to *Public Utilities Commission Investigation of Bangor Natural Gas Company's Gas Supply Resource Procurement and Management Practices*, Docket No. 2020-00311, Order Directing Reporting and Ending Audit Investigation (May 17, 2022).

Finally, Bangor Gas has provided an analysis of its current "long" imbalance Transportation Service Terms and Conditions and related data (Public Exhibits 8-A and 9, and confidential Exhibit 8-B) as directed in *Bangor Natural Gas Company, Annual Review of Cost of Gas Activities for May 1, 2020 – April 30, 2021*, Docket No. 2021-00164, Order 1, 12 (Apr. 14, 2022).

These matters and those raised by the Office of the Public Advocate (OPA) and other intervenors are expected to be considered by the Commission in this proceeding.

III. Related Proceedings

Bangor Gas has proposed a Reservation Charge of \$0.211 per therm for the Westbrook Xpress Project capacity that will serve Bangor Gas in the next rate year beginning November 1, 2022 in a companion docket to this proceeding. *Bangor Natural Gas Company Request for Approval of Reservation Costs Schedule Associated with Westbrook Xpress Phase III Project (WXP) to be included in Cost of Gas Rates*, Docket No. 2022-00119. The approved WXP reservation charge is intended to be added to the monthly cost of gas price for each month of the upcoming rate year once WXP comes into service.

Bangor Gas's Alternative Rate Plan (ARP), which included its current monthly cost of gas mechanism, expired on December 31, 2021. The Commission has extended Bangor Gas's continued use of the mechanism temporarily pursuant to 35-A M.R.S. § 1322 pending resolution of whether the monthly cost of gas rate adjustment mechanism can be authorized under traditional rate authority of 35-A M.R.S. § 4703, as Bangor Gas and the OPA have argued. *Commission Initiated Investigation into the Effects of Expiration of Alternative Rate Plan of Bangor Natural Gas Company*, Docket No. 2022-00032. See, also, *Northern Utilities Inc. d/b/a Unitil*, Docket No. 2022-00044, Order (June 9, 2022) (approving intra-season monthly rate adjustment mechanism.)

Because of the close relationship of these two dockets to the annual review of Bangor Gas's cost of gas rate setting, issues, and process in those dockets may

overlap with this proceeding. The extent to which it is necessary or efficient to consider such matters in this docket will be determined by the Examiners.

IV. Notice

This Notice will be distributed to the notification lists of the following recent related proceedings involving Bangor Gas, Docket Nos. 2020-00311 (Gas Procurement Audit), 2021-00164 (2021 Cost of Gas Activities review), 2022-00119 (Westbrook Xpress Reservation Rate), and 2022-00032 (authority to continue cost of gas mechanism following expiration of Alternative Rate Plan).

Because this docket will involve consideration of Bangor Gas's long imbalance practices, Bangor Gas is directed to inform Transportation service ratepayers of the proceeding and opportunity to intervene by providing copy of this Notice or other means, in time to be received by July 21, 2022.

Finally, because this docket may position the Company for future post-ARP cost of gas proceedings, depending on the Commission's decision in Docket No. 2022-00032, the Examiners request that Bangor Gas also post this Notice on its web page so that it will be visible to its Sales customers and/or notify Sales customers via other means and report back on the means it has used, by **July 21, 2022**. This will aid the Commission in determining whether, if required, such notice is sufficient for use in future cost of gas proceedings.

V. Petitions to Intervene

On July 1, 2022, the Office of the Public Advocate (OPA) filed a Petition to Intervene. The OPA's petition is hereby granted.

Interested persons seeking to participate in this proceeding should file a written petition to intervene with the Commission in this docket by **July 28, 2022**. Persons filing petitions to intervene should do so using the Commission's electronic Case Management System (CMS) and shall state the interest of the proposed intervener and comply with other requirements of Chapter 110 §8(B)(3) of the Commission Rules.² Individuals that wish to access public filings in this proceeding must register themselves on the CMS notification list for this docket.

VI. Schedule

An initial procedural schedule will be issued by separate procedural order which can be accessed in the CMS filings for this docket.

² CMS and instructions for registering in this proceeding can be accessed on the Commission's website <http://www.maine.gov/mpuc/>. Chapter 110 of the Commission's Rules are also available on the Commission's website at <http://www.maine.gov/mpuc/legislative/laws-rules> (Part 1 - Procedural Rules).

Dated at Hallowell Maine on this 14th day of July 2022

BY ORDER OF THE HEARING EXAMINERS

/s/ Carol A. MacLennan

/s/ Robert A. Creamer

/s/ Kathleen Trost