

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Maritimes & Northeast Pipeline, L.L.C. §
 § Docket No. RP04-____-000
 §

**PREPARED DIRECT TESTIMONY OF
JOE A. PAYNE
ON BEHALF OF
MARITIMES & NORTHEAST PIPELINE, L.L.C.**

1 **Q. 1 Please state your full name, title, and current place of employment.**

2 A. My name is Joe A. Payne, and I am the Manager, Regulatory Affairs, in the
3 Industry Initiatives, Pricing and Regulatory Affairs Department of Duke Energy
4 Gas Transmission Corporation (“DEGT”). DEGT’s offices are located at 5400
5 Westheimer Court, Houston, Texas 77056. Since M&N Management Company,
6 the Managing Member of Maritimes & Northeast Pipeline, L.L.C. (“Maritimes”),
7 has only a limited number of employees, many of Maritimes’ administrative
8 functions are supported by DEGT employees.

9 **Q. 2 What is your educational background?**

10 A. I earned a Bachelor of Arts degree in Economics/Management from Curry
11 College in Milton, Massachusetts, in 1976. I earned a Master of Business
12 Administration in 1977 and a Master of Science in Accounting in 1979 from the
13 University of Houston in Clear Lake City, Texas. I also hold the following
14 accounting certificates: Certified Public Accountant (Texas), Certified
15 Management Accountant and Certified Internal Auditor.

16

1 **Q. 3 Please describe the course of your professional career and the scope of your**
2 **current duties and responsibilities for DEGT.**

3 A. I began my career in 1980 with Texas Eastern Transmission Corporation, which
4 through a series of mergers and acquisitions, is now a wholly-owned subsidiary of
5 DEGT. I started as a Senior Analyst and subsequently worked in several areas of
6 the company in various positions, until I joined the Regulatory Affairs
7 Department as a Senior Rate Analyst in 1989. I was promoted to my current
8 position as Manager in 1999. I am responsible, under the supervision of the
9 Director of Rates and Tariffs, for the revenue, rate design and cost of service for
10 DEGT pipeline companies.

11 **Q. 4 On whose behalf are you testifying in this proceeding?**

12 A. I am testifying on behalf of Maritimes.

13 **Q. 5 Have you previously testified before the Federal Energy Regulatory**
14 **Commission?**

15 A. No, I have not.

16 **Q. 6 What is the purpose of your testimony in this proceeding?**

17 A. The purpose of my testimony is to sponsor the revenue, billing determinants, and
18 gas balance statements and schedules supporting the cost of service underlying
19 the proposed mainline and lateral line rates in this proceeding.

20 **Q. 7 What statements, schedules, or exhibits are you sponsoring in conjunction**
21 **with your direct testimony?**

22 A. I am co-sponsoring the following statements and schedules with Mr. William C.
23 Penney, Jr.: Revenues and Billing Determinants (Statement G); Base Period
24 Revenues (Schedule G-1); and Test Period Revenues (Schedule G-2). In addition,
25 I am sponsoring the following schedules: Explanation of Adjustments to Base

1 Period Billing Determinants (Schedule G-3); Miscellaneous Revenues
2 (Schedule G-6); and Gas Balance (Schedule I-5).

3 **Q. 8 Were these exhibits prepared by you or under your direction or supervision?**

4 A. Yes, all of these statements and schedules were prepared by myself or under my
5 direction and supervision.

6 **Q. 9 Please explain Statement G.**

7 A. Statement G summarizes the revenues and billing determinants for the base
8 period, which is from March 1, 2003, to February 29, 2004, and the test period
9 (referred to as the adjustment period on Statement G), which is from March 1,
10 2004, to November 30, 2004. The base period revenues, as adjusted for the test
11 period, total \$151,564,401. This amount reflects the removal of revenues from
12 short-term firm contracts that have terminated and the elimination of revenues
13 associated with firm capacity release activity, including the credits applicable to
14 the releasing party as well as charges made to replacement customers. This
15 revenue-neutral activity does not affect the test period calculation. Scheduling
16 charges, which are included as Miscellaneous Revenue during the base period, are
17 not anticipated to occur during the test period. Total Interruptible Transportation
18 Service is projected to decline to 20,000 dekatherms per day ("Dth/d"), or
19 7,300,000 Dth annually. The Westbrook Lateral service is projected to be
20 8,000 Dth/d or 2,920,000 Dth annually.

21 **Q. 10 Please describe Schedule G-1.**

22 A. Schedule G-1 provides the detailed, supporting data for the revenues and billing
23 determinants for the base period, by customer and by month. Parts 1 through 5

1 show the billing determinants detail and parts 6 through 10 show the revenue
2 detail.

3 **Q. 11 Please describe Schedule G-2.**

4 A. Schedule G-2 provides the detailed supporting data for the revenues and billing
5 determinants for the test period, by customer and by month. Parts 1 through 3
6 show the billing determinants detail and parts 4 through 6 show the revenue
7 detail.

8 **Q. 12 Please describe Schedule G-3.**

9 A. Schedule G-3 provides the supporting data for the proposed billing determinant
10 tests to the base period (Schedule G-1), which are reflected in Schedule
11 G-2. The following changes are made to the allocations made during the base
12 period: (1) revenues from short-term firm contracts that are no longer active are
13 removed, (2) revenues associated with Firm Capacity Release activity are
14 eliminated, (3) total interruptible transportation is reduced to 20,000 Dth/d, and
15 (4) projected Westbrook Lateral daily reservation volumes will be 8,000 Dth/d.

16 **Q. 13 Please describe Schedule G-6.**

17 A. Schedule G-6 provides the detailed, supporting data for the miscellaneous
18 revenues and billing determinants for the base period, by rate schedule and by
19 month. Part 1 shows the billing determinants detail and Part 2 shows the revenue
20 detail.

21

1 **Q. 14 Please describe Schedule I-5.**

2 A. Schedule I-5 provides the detailed supporting data for the gas balance for the base
3 and test periods, by account number and by month. Page 1 shows the base period
4 detail and page 2 shows the test period detail.

5 **Q. 15 Does this conclude your prepared direct testimony?**

6 A. Yes, it does.

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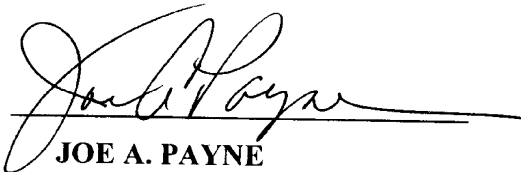
Maritimes & Northeast Pipeline, L.L.C.

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AFFIDAVIT OF JOE A. PAYNE

JOE A. PAYNE, being first duly sworn, on oath states that he is the witness whose Prepared Direct Testimony is filed herein; that, if asked the questions which appear in the text of aforesaid Prepared Direct Testimony, affiant would give the answers that are herein set forth; and that affiant adopts the aforesaid Prepared Direct Testimony as his sworn, direct testimony in this proceeding.


JOE A. PAYNE

SUBSCRIBED AND SWORN TO before me, a Notary Public in and for the State of Texas, County of Harris, this 2nd day of June, 2004.


Notary Public

My commission expires: 10-2-04

