

Northern Utilities, Inc. New Hampshire Division

Updated 2012 Summer Period Cost of Gas Filing DG 11- 068

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Cost of Gas (COG) Factor Updates and Revisions to March 15, 2012 Initial Filing

1. The NYMEX price forecast, on Revised Page 1 of Attachment to Schedule 5A, was updated from settlement prices on February 27, 2012 to settlement prices on April 9, 2012. The average monthly NYMEX price for the May 2012 through October 2012 period decreased from \$2.86 per Dth to \$2.36 per Dth. This price change reduces expected gas costs for the New Hampshire Division by \$304,694. However, the monthly NYMEX prices used to derive the initial rates, in Schedule 22 Page 1 at Line 12, of the March filing were incorrect. The initial COG model should have included the NYMEX prices used in this revision at Line 12, Revised Schedule 22, not the NYMEX prices at the time of the 2011-2012 Winter Season COG filing. Correcting for this improper difference in initial NYMEX prices, increases expected commodity costs by \$922,891. The net effect of these two changes is an expected New Hampshire Division Direct COG increase from the initial filing of \$618,196, in the Revised Summary Schedule, Page 1 at Line 18.
2. Due to the NYMEX changes in Schedule 22, as summarized in Item 1, above, the winter hedging losses, presented in Revised Attachment Schedule 3A, have increased from \$328,400 in the initial filing to \$457,700 in this updated filing, or by \$129,300. The New Hampshire Division's portion of this increase is \$67,466.
3. Revised Schedule 15 (Reconciliation) has been revised from the initial filing to reflect a correction to Form III, Schedule 4, Page 1. The annual Allocation Adjustments shown on this page have been changed from (\$35,980) to \$10,385 in the Update Filing to reflect a revised allocation of monthly commodity costs between Divisions. The impact of this revision changes Interest expenses from (\$9,847) to (\$8,883). In addition, Revised Attachments A and B show the associated impacts on the ending balances of Working Capital (\$978) to (\$952) and Bad Debt (\$1,497) to (\$1,283).

4. Due to the cost changes summarized above, Revised versions of Schedule 1B, Schedule 3A, Schedule 9, Schedule 10C, Schedule 15, Schedule 22, Schedule 23 and the Summary Schedule have been submitted. These schedules reflect all cost revisions and updates.

5. Lastly, monthly and annual typical bill comparisons, as shown in Revised Attachment Schedule 8, have been updated to reflect the 2012 Off-Peak Period COG rates shown on Fiftieth revised Sheet No. 38 and Sixty-second revised Sheet No 39. Residential heating bills at typical use are expected to decrease by \$57.52 or 14.51 percent from those experienced in the 2011 Off-Peak Period, as shown on page 1 of 5, under the column "Summer". Since a Commission Order is pending in Docket No. 11-069, these bill impacts do not include any proposed rate changes made by the Company in that proceeding.