NORTHERN - 5

ORIGINAL
P.U.C. Case No. DG 08-041
Exhibit No. #5
Witness Ronald D. Gibbons
MOVE FROM FILE

Patricia M. French
Lead Counsel

NiSource
Corporate Services

300 Friberg Parkway
Westborough, Massachusetts 01581
(508) 836-7394
(508) 836-7039 (facsimile)
pfrench@nisource.com

April 9, 2008

VIA OVERNIGHT DELIVERY AND ELECTRONIC FILING

Edward N. Damon, Esq.
New Hampshire Public Utilities Commission
21 S. Fruit St., Suite 10
Concord, New Hampshire 03301

Re: DG 08-041 – Northern Utilities, Inc. – 2008 Summer Period Cost of Gas

Dear Mr. Damon:

On behalf of Northern Utilities, Inc. ("Northern"), please find the remainder of Northern's responses to the following data requests issued by Staff on March 28, 2008:

Staff 1-6 Staff 1-9 Staff 1-11

Pursuant to Admin. Rule Puc 203.08 (d), Northern requests that Attachment Staff 1-6 (a), Attachment Staff 1-6 (b) and Attachment Staff 1-6 (c) remain confidential. Northern has a good faith basis for seeking confidential treatment of these documents under Rule 203.08 and intends to submit a motion for confidential treatment regarding these documents at or before the commencement of the hearing in this proceeding

Please do not hesitate to call me or Ronald Gibbons (614-460-5981) if you have any questions regarding this filing.

Very truly yours,

Patricia M. French

Enclosures

cc: Stephen Frink, NHPUC
Robert Wyatt, NHPUC
Kenneth Traum, OCA
Susan Geiger, Esq., for Northern Utilities, Inc.
Ronald Gibbons, NCSC
Joseph Ferro, Northern Utilities, Inc.

Northern Utilities, Inc.
New Hampshire Division
DG 08-041
Staff Request Set No. 1
Response: 6
Responsible: Ronald D. Gibbons
Manager, Rates & Regulatory
Services and Francisco C. DaFonte,
Director of Energy Supply Services

Request: Re supply commodity costs on page 23 and Supplier Prices section of the filing.

a. Provide a schedule with a breakdown of unit cost components for each pipeline purchase supply path and start each with the NYMEX prices referenced on page 43 of the filing and end with total unit cost for each path.

   i. Include the basis differential used to adjust the NYMEX rate to Northern's point of possession for each path plus all other volumetric pipeline rates, fuel retention and surcharges such as the ACA surcharge.
   ii. For peaking plant LNG supply, use the forecasted WACOG in inventory.
   iii. Reference COG filing page numbers of support documentation (tariff sheets, contracts, etc.) for each unit cost component of each supply. If confidential copies of contracts or pricing information have been provided in data responses or other means in earlier dockets, note the docket number and how the information was provided instead of re-filing the confidential information.
   iv. Total unit cost for each path, when multiplied by total volume of each path, should be equal to total monthly commodity cost of each path, as reflected on page 23, lines 89 through 120.
   v. Provide the information in all future cost of gas filings.

Response: Please see CONFIDENTIAL Attachment Staff 1-6 (a), CONFIDENTIAL Attachment Staff 1-6 (b) and CONFIDENTIAL Attachment Staff 1-6 (c). The confidential information in Attachment Staff 1-6 (a) and Attachment Staff 1-6 (b) pertains to the DOMAC unit delivered commodity cost, which reflects the pricing provisions of the contract between DOMAC and Northern. Attachment Staff 1-6 (a) provides the total Northern purchased gas flows and associated costs reflected in the Sendout® run. Attachment Staff 1-6 (b) adjusts those costs by NYMEX differentials, representing the difference between the prices used in the Sendout® run and the updated NYMEX prices. This attachment also shows the allocation of those monthly costs to the New Hampshire Division that is reflected in the COG calculation. The DOMAC contract is provided as CONFIDENTIAL Attachment Staff 1-6 (c).

Northern Utilities, Inc.
New Hampshire Division
DG 08-041
Staff Request Set No. 1
Response: 9
Responsible: Ronald D. Gibbons
Manager, Rates & Regulatory
Services

Request: Re page 21, New Hampshire Division total demand costs: $14,060,410. Now re. page 44, the New Hampshire portion of total demand costs: $14,250,577. Why are these numbers not the same?

Response: Demand cost allocation factors are derived once a year in the Winter COG proceeding, effective every November 1, based on the Modified Proportional Responsibility ("MPR") Allocator approved by the Commission in DG 05-080. The MPR factors, which reflect an annual weighted average of the result of monthly allocated costs between the two divisions, are applied to total Northern demand costs to allocate actual demand costs between the New Hampshire Division and Maine Division. The $14,250,577 of annual demand costs allocated to the NH Division, shown on page 44 of the filing, is the result of applying the approved November 1, 2007 MPR allocation factors to the latest forecast of annual demand costs reflected in this 2008 Summer COG filing.

While this 2008 Summer COG filing reflects the monthly allocation factors used to produce the MPR factors approved by the Commission in the 2007-08 Winter COG in DG 07-102, the change in annual costs through this latest forecast, particularly as those costs are distributed monthly between the two divisions, has generated a different calculated annual weighted average allocation factor for each division. The application of these recalculated annual average (MPR) factors, reflected on page 21 of this filing, resulted in the $14,060,410 of annual NH Division demand costs. The summer portion of these costs of $1,705,603 is reflected in this 2008 Summer COG calculation, shown on page 21, as well as reflected in the tariff sheet, Thirty-fifth Revised Page 38, which is page 13 of the filing. At this time, Northern's COG model is designed to use the recalculated annual weighted average demand cost allocation factors, which has caused a variance between the calculated allocation of the latest annual demand costs and the allocation of those same costs using the approved MPR Allocation factors in effect from November 1, 2007 through October 31, 2008.

If the currently effective MPR Allocation factors were applied to the 2008 Summer Period forecast demand costs, the NH Division allocated costs would be approximately $23,000 greater than the $1,705,603 reflected in the current COG calculation. Since this cost variance is relatively minor and since Northern will assess the need to adjust its COG rate in any month throughout the season to minimize end-of-period under/over collections, Northern does not plan to incorporate a change to its COG calculation in a revised COG that will be filed by April 11, 2008.

Northern Utilities, Inc.
New Hampshire Division
DG 08-041
Staff Request Set No. 1
Response: 11
Responsible: Ronald D. Gibbons
Manager, Rates & Regulatory
Services

Request: Re. Gibbons' testimony, pg 10, ln 14-15 - where he testifies that "the unaccounted for factor reflects the same data that the Company has filed with DOT for each of those for years." Are the DOT factors not impacted by the unaccounted for problem discovered during the most recent winter COG proceedings and reported on in subsequent updates from the Company that unaccounted for numbers were incorrect going back several months of the 4-year period?

Response: Mr. Gibbons' testimony states accurately that the unaccounted-for ("UAF") gas factor that is incorporated into the forecast reflects the same data source that is also used by the Company to file its DOT reports. Thus, the 12-months ending June 30th UAF gas filed in the DOT reports has reflected the same Newington Gate Station metering inaccuracies that Northern has reflected in reports filed with the Commission. However, for the forecast of converting sales to sendout for recent COG filings, Northern's forecaster found it appropriate to adjust the most recent 4-year average results to address the seemingly high data reported as UAF gas for the most recent years. As shown on page 20, line 11, of the filing, the Company used a 1% UAF factor, a typical average percentage that Northern was experiencing prior to the Newington Gate Station metering problem.