

Stephen H. Bryant
President



300 Friberg Parkway
Westborough, MA 01581
(508) 836-7267
Fax: (508) 836-7072

February 15, 2008

VIA HAND DELIVERY AND ELECTRONIC FILING

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-2429



Re: Northern Utilities, Inc., Docket No. DG 07-102 – Unaccounted For Gas Report

Dear Ms. Howland:

On October 31, 2007, the New Hampshire Public Utilities Commission ("Commission") issued Order No. 24,798 approving Northern Utilities, Inc.'s ("Northern's" or the "Company's") 2007/2008 Winter Period Cost of Gas ("COG") rates. Northern Utilities, Inc., Docket No. DG 07-102 ("Order"). Order at p. 10. The Commission also directed Northern to file a Report by December 31, 2007, to, among other things, assess the actual unaccounted for gas figures for the period reported in its 2006-2007 Winter COG reconciliation filing. Order at pp. 8-9, 12. On December 20, 2007, the Company informed the Commission that it believed it identified the single largest contributing factor to this situation - incorrect metering by Spectra Energy ("Spectra") at the Maritimes & Northeast ("M&NE") / Portland Natural Gas Transmission System's ("PNGTS") Newington Gate Station in Newington, New Hampshire ("Newington Gate Station"). In that letter, Northern proposed that it would update the Commission on February 15, 2008 with regard to additional progress and findings as of that date, if any

Since its last report on December 20, 2007, Northern has worked diligently with Spectra and Granite State Gas Transmission ("Granite") to obtain an assessment of the gas flows over-recorded as a result of Spectra's defective Newington Gate Station "pulse factor" meter..

Spectra indicates that the issue requires the involvement of PNGTS. While Spectra is responsible for administering the Operational Balancing Agreement ("OBA") for the Newington Gate Station, it is PNGTS's agent. PNGTS owns the meter capacity at the Newington meter and, according to Spectra, is responsible for cumulative imbalances at the defective meter. As a result, Granite, Spectra and Northern must now engage PNGTS in discussions to resolve the issue of responsibility.

Northern proposes to inform the Commission at 120-day intervals as it moves through the progress of resolving the issues in this situation, until an acceptable resolution is reached.

NHPUC FEB15'08 PM 3:34

Northern also commits to updating Staff at Staff's request at intervals more frequent if Staff deems necessary or advisable.

Sincerely,

A handwritten signature in black ink, reading "Stephen H. Bryant". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Stephen H. Bryant

cc: F. Anne Ross, Esq.
Stephen P. Frink, Assistant Director
Kenneth P. Traum, OCA



M&N Operating Company, LLC
5400 Westheimer Court
Houston, Texas 77056
(713) 627-5400

February 12, 2008

Frank W. Callahan
Granite State Gas Transmission, Inc.
325 West Road
Portsmouth, NH 03801

Re: PNGTS/Granite State Delivery Point on
the Newington Lateral (Meter No. 30003)

Dear Mr. Callahan:

As you are aware, M&N Operating Company, LLC ("MNOC") has been designated by Portland Natural Gas Transmission System ("PNGTS") to serve as PNGTS's agent for certain purposes under the Operational Balancing Agreement between PNGTS and Granite State Gas Transmission, Inc. ("Granite State") dated June 1, 2006. In particular, MNOC is the operator and measuring party for the above-referenced meter. MNOC recently advised PNGTS of a discrepancy between the measured and delivered quantities of natural gas at the above-referenced meter, and that the discrepancy may be as a result of an incorrect meter factor established by the manufacturer.

Please be advised that PNGTS and MNOC are currently reviewing this matter in detail and will be in touch shortly.

In the interim, please contact either Mr. David Haag of PNGTS at 603-559-5515 or Gregg McBride of MNOC at 713-627-5319 if you would like to discuss this matter further.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gregg E. McBride", written over a light blue circular background.

Gregg E. McBride

cc: Mr. David Haag