

BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

NORTHERN UTILITIES, INC.
Petitioner

)
)
)

DOCKET NO. DG 09-_____

**PETITION FOR APPROVAL OF PROPOSED FINANCIAL HEDGING
PROGRAM REDESIGN**

Northern Utilities, Inc. (“Northern” or “Company”) submits this Petition to the New Hampshire Public Utilities Commission (“Commission”) requesting approval of Northern’s proposed Financial Hedging Program redesign. In support of its Petition, Northern states the following:

Petitioner

Northern is a New Hampshire corporation and a public utility under New Hampshire law. Northern provides natural gas distribution services to a total of 52,000 customers in 44 New Hampshire and southern Maine communities, stretching from Atkinson, New Hampshire, in the south, to Lewiston-Auburn, Maine, in the north.

Background

As the Commission is aware, Northern has in place a common hedging program in New Hampshire and Maine. On April 15, 2009, Northern filed its Annual Hedging Report filed with the Maine Public Utilities Commission (“MPUC”) in MPUC Docket No. 2001-679. In the Report, Northern identified several program attributes that could serve as potential building blocks for an effective financial hedging program.

Accordingly, Northern proposes a redesign of the current hedging program. The details of the proposed redesign are provided in Exhibit NUI-1 to this Petition. Northern proposes three primary changes to the program: 1) the introduction of a price ceiling

calculated pursuant to a formula, above which purchases of futures contracts will be postponed; 2) the elimination of the Price-Based component of the existing hedging program; and 3) a process that provides for the sale of futures contracts that have appreciated in value above a specified percentage. This proposed redesign also addresses the structure and timing of program implementation, the manner in which price parameters are determined and the budget for the program.

The proposed redesign modifies the schedule under which Northern will purchase futures contracts. As a result, the hedging plan for the Peak Season of 2010-11, which Northern will file with its Cost of Gas Adjustment (“COG”) filing on or about September 15, 2009, will involve a transition from the current program structure to the proposed program. The proposed program provides for hedging the Peak Season volumes only, including hedging that applies to storage injections. Assuming approval of the proposed redesign, Northern would file its first hedging plan under the revised structure with its Off-Peak COG filing in 2010, to apply to the Peak Season of 2011-12.

Northern has filed this proposed redesign separately with the MPUC, with the goal of maintaining a common approved hedging program in both Maine and New Hampshire.

Description of Exhibits

Attached to this Petition is the following Exhibit:

Exhibit NUI-1: Proposed Financial Hedging Program Redesign

Request for Approvals

Northern respectfully requests that the Commission issue a final order containing the following findings of fact, conclusions and approvals:

1. FIND that Northern's proposed Financial Hedging Program Redesign is reasonable and in the public interest;
5. CONCLUDE that, based upon the above Finding, Northern's Petition should be approved as filed.

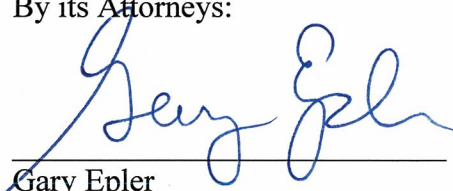
Conclusion

For all of the foregoing reasons, Northern requests that the Commission grant it the approvals requested in this Petition, and for such other relief as the Commission may deem necessary and proper.

Respectfully submitted,

NORTHERN UTILITIES, INC.

By its Attorneys:



Gary Epler
Chief Regulatory Attorney
Unitil Service Corp.
6 Liberty Lane West
Hampton, NH 03842-1720
603.773.6440 (direct)
603.773.6640 (fax)
epler@unitil.com

Susan S. Geiger, Esq.
Orr & Reno, P.A.

NHPUC Docket No. DG 09-____
Northern Utilities, Inc. d/b/a Unitil
Petition for Approval of Proposed Financial Hedging Program Redesign
Page 4 of 4

One Eagle Square
P.O. Box 3550
Concord, NH 03302-3550
(603) 223-9154 (direct)
(603) 223-9054 (fax)
ssg@orr-reno.com

August 7, 2009