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July 29, 2011

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



**Re: DG 10-230
EnergyNorth Natural Gas, Inc d/b/a National Grid NH
2010-11 Winter Period Cost of Gas Reconciliation
CONFIDENTIAL**

Dear Ms. Howland:

Enclosed are seven copies of the confidential version of the 2010-11 Winter Period Cost of Gas reconciliation filing for EnergyNorth Natural Gas, Inc d/b/a National Grid NH (“the Company”). This filing is being submitted in both redacted and unredacted form in order to protect the confidentiality of information for which protective treatment was previously granted by the Commission in Order No. 25,161, dated October 28, 2010. A redacted version of this filing is being submitted both electronically and in hard copy under separate cover.

The enclosed reconciliation compares the actual deferred gas costs to the projections submitted in the Company’s 2010-11 Winter Period Cost of Gas filing submitted to the Commission on September 1, 2010. The reconciliation shows an under collection for the 2010-11 Winter Period of \$3,735,297 summarized as follows:

Winter Period Beginning Balance	\$2,985,736
Less: Cost of Gas Revenue Billed	(\$65,151,244)
Add: Cost of Gas Allowable (5/1/10 -10/31/10)	\$2,825,095
Add: Cost of Gas Allowable (11/1/10 -4/30/11)	<u>\$63,075,709</u>
Winter Period Ending Balance	\$3,735,297

The reconciliation filing consists of a six-page summary and nine supporting schedules. Page 1 of the Summary compares the actual deferred gas costs to the projections submitted in the Company’s original cost of gas filing including the beginning balance, interest and other

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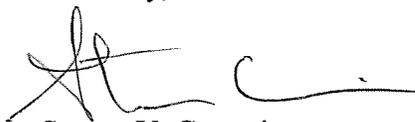
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allowable adjustments to gas costs, gas costs and gas cost revenue. The result is a net under collection of \$3,735,297. Page 2 of the Summary compares the actual allowed Bad Debt and Working Capital costs to the filed projections submitted in the Company's original cost of gas filing, resulting in under collections of \$36,020 and \$8,916, respectively, for a net under collection for all the gas accounts of \$3,780,233. Page 3 of the Summary compares actual demand charges of \$8,031,841 to the \$9,370,456 in demand charges estimated in the original cost of gas filing. Page 4 shows a similar comparison for commodity costs. The actual commodity costs were \$56,585,957 compared to \$53,693,195 in the original cost of gas filing. The \$2,892,762 increase in commodity costs was caused mainly by higher prices than originally forecasted. The results show that the actual demand and commodity costs were \$1,554,146 higher than filed. Page 5 of the Summary provides a variance analysis that shows that weather resulted in a \$1,824,369 increase in actual costs versus forecasted costs, changes in demand resulted in a \$3,986,864 reduction in costs, and changes in gas prices resulted in a \$3,716,641 increase in costs. Page 6 of the Summary shows the calculation of the actual Transportation Cost of Gas Revenue compared to the filing.

The attached Schedule 1 provides a monthly summary of the deferred gas cost account balances including beginning balances, actual gas cost allowable, gas cost collections, and interest applied. Schedule 1A provides the same information for bad debt associated with the cost of gas. Schedule 2 provides the details of gas cost by source. Schedule 3 provides the detailed calculation of winter gas cost revenue billed by rate class. Schedule 4 provides a monthly summary of the non-firm margin and capacity release credits to the winter cost of gas account. Schedule 5 provides the monthly summary of the deferred gas cost balances associated with gas working capital. It shows the monthly beginning account balances, working capital allowable, the working capital collections and the interest applied to derive the monthly ending balances. Schedule 6 shows the bad debt and working capital calculation that determines the amount of expense booked for those items. Schedule 7 provides the backup calculations for the revenue billed to recover working capital and bad debt by rate class. Schedule 8 provides a summary of the monthly commodity costs and related volumes. Schedule 9 provides a summary of the monthly prime interest rates used to calculate the interest on the deferred balances.

Please do not hesitate to contact me with questions regarding this filing.

Sincerely,



Steven V. Camerino

Enclosures

cc: Meredith A. Hatfield, Esq.
Megan F. Tipper, Esquire
Ann E. Leary