

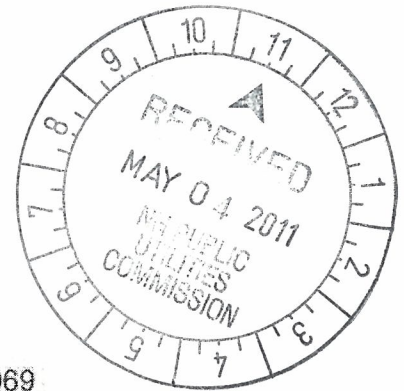


ORIGINAL	
N.H.P.U.C. Case No.	DG 11-069
Exhibit No.	# 2
Witness	George R Gantz
DO NOT REMOVE FROM FILE	

May 4, 2011

**BY HAND DELIVERY**

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



Re: Northern Utilities, Inc.- Docket No. DG 11-069

Dear Director Howland:

Pursuant to N.H. Admin. Rules PUC 1600 *et seq.*, Northern Utilities, Inc. ("Northern") hereby submits to the New Hampshire Public Utilities Commission ("the Commission") an original and five (5) copies of documents supporting its request for a rate increase. Northern's last request for an increase in base rates was made in 2001. Since that time, Northern's operating expenses and rate base have significantly grown to the point where revenues produced by current rates do not provide Northern an opportunity to earn its authorized rate of return. Despite its efforts to mitigate cost increases, Northern has experienced earnings attrition and now requires rate adjustments to balance its revenues with its increased expenses and rate base, in order to meet its obligation to provide safe and reliable service to its customers.

This filing addresses the issue of earnings attrition and includes step adjustments relating to future rate base additions and the Bare Steel Replacement Program (BSRP) expenditures that enhance service, safety and reliability. The change in permanent rates proposed for effect with service rendered on and after June 3, 2011 would increase Northern's total annual revenues by approximately \$3.8 million, which represents an increase of 5.9 percent in the Company's annual operating revenues and an estimated increase of 4.7 percent in total natural gas bills including supply costs. Due to proposed changes in class revenue allocation and rate design, the corresponding increase for the residential heating class is 8.0 percent and the residential non-heating class is 12.0 percent. Northern is requesting a step adjustment in rates for 2011 capital investments to be implemented at the conclusion of this proceeding and approval for a Targeted Infrastructure Replacement Adjustment (TIRA) mechanism for subsequent BSRP investments. Northern is also requesting temporary rates effective with service rendered on and after August 1, 2011, and until a final, non-appealable order on permanent rates is issued. The requested temporary rates will produce an increase

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in annual revenues of approximately \$1.7 million, a 2.8 percent increase in annual operating revenues for the Company.

In addition to this cover letter, the enclosed filing consists of originals and five (5) copies of two volumes of tariffs, prefiled testimony and supporting schedules as required by PUC 1604.07, and four separate volumes of rate case materials as required by PUC 1604.01(a). Volume 1 of the filing includes: this cover letter; the Petition of Northern Utilities, Inc. for Rate Adjustments; revised NH PUC No. 10-Gas tariff pages; a report of the proposed rate changes; a statement to be provided to customers; an attestation by an officer of Northern Utilities, Inc.; and the prefiled testimony and schedules of Company witnesses George R. Gantz and David L. Chong. Volume 2 contains the remainder of the prefiled testimony and schedules of Northern's witnesses in support of the filing, including the testimony of Laurence M. Brock, Elizabeth M. Shaw, Samuel C. Hadaway and Paul M. Normand. The information required by PUC 1604.01(a) is included as Supplemental Volumes 1 through 4.

The enclosed disc containing the filing in electronic format is submitted in accordance with PUC 203.03. A separate disc is also being filed with the voluminous workpapers relating to depreciation and rate design prepared by Paul M. Normand in support of his testimony.

Also included with this filing is an original and six (6) copies of a Motion for Protective Order and Confidential Treatment.

Northern respectfully requests that the Commission issue an order of notice and schedule a prehearing conference in this docket as soon as possible. Please do not hesitate to contact me if you have any questions regarding this filing.

Thank you for your assistance with this matter

Sincerely,

  
Gary Epler  
Attorney for Northern Utilities, Inc.

Enclosures

cc: Meredith Hatfield, Esquire (2 hard copies)  
Service List (disk only)