



May 22, 2020

Via Electronic Filing

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

Re: Northern Utilities, Inc., New Hampshire Division - Docket DG 19-154
May 2020 Monthly Cost of Gas Report

Dear Director Howland:

Pursuant to Commission Order No. 26,303 in Docket DG 19-154, enclosed is Northern Utilities - New Hampshire Division's ("Northern") current calculation of its projected over or under-collection of gas costs for the 2019-2020 summer season.

Northern's current calculation of costs has been updated to reflect NYMEX futures prices as of May 19, 2020. The updated calculations indicate that a rate change is not required at this time. Support for this decision is provided in the attached summary and tables.

If you have any questions regarding this filing, please do not hesitate to contact me or Chris Kahl at (603)773-6425.

Sincerely

A handwritten signature in black ink, appearing to read "Patrick H. Taylor", written over a horizontal line.

Patrick H. Taylor
Senior Counsel

Patrick Taylor
Senior Counsel
taylorp@unitil.com

6 Liberty Lane West
Hampton, NH 03842

New Hampshire Monthly Cost of Gas Report

Summer Period

May 2020 Summary

The objective of the Summer Period Monthly Cost of Gas (“COG”) analysis is to determine if COG rates need to be adjusted in order to minimize the October 31, 2020 expected end of year balance. This is done by determining if the October 31, 2020 Summer Period balance exceeds the threshold for a rate change and, if exceeded, the rate change would lower the expected end of year balance.

The May 2020 analysis and summary updates estimated costs in order to reflect projected NYMEX closing prices on May 19, 2020. The change in NYMEX prices are reflected in the revised projected direct gas costs (Line 19 of Table 1) as well as the working capital component of projected indirect gas costs (Line 20 of Table 1).

As shown Line 23 of Table 1, the projected end of Summer Period balance is an over-collection of (\$173,325). This balance is below the 4% Summer Period over-collection threshold of (\$217,962) (Line 35) for requiring a change in COG rates. Therefore, a Summer Period COG rate change is not required at this time.

Support for the projected end of Summer Period and end of year balances is provided in Table 2.

NORTHERN UTILITIES, INC.
NEW HAMPSHIRE DIVISION
Calculation of the Projected Over or Under Collection of the
2019-2020 Summer Period Cost of Gas
DG 19-154
May 2020 Estimated

1	April 30, 2020 Target Balance	\$ (3,553,724)	February Monthly COG Update, Table 3
2			
3	Forecasted firm therm sales 05/01/20-10/31/20		
4	Residential Heat & Non Heat	3,473,678	Table 2, PG. 2, Line 2
5	HLF Classes	2,702,383	Table 2, PG. 2, Line 3
6	LLF Classes	2,532,740	Table 2, PG. 2, Line 4
7			
8	Current recovery rate per therm		
9	Residential heat & non heat	\$0.2375	Table 2, PG. 1, Line 7
10	HLF classes	\$0.2050	Table 2, PG. 1, Line 8
11	LLF classes	\$0.2723	Table 2, PG. 1, Line 9
12			
13	Total	\$ (2,068,652)	(LN 4 * Ln 9) + (LN 5 * LN 10) + (LN 6 * LN 11)
14			
15	Forecasted recovered costs at current rates 05/01/20 - 10/31/20	\$ (2,068,652)	LN 13
16	Actual recovered costs	<u>\$ -</u>	
17	Estimated total recovered costs 05/01/20 - 10/31/20	\$ (2,068,652)	LN 15 + LN 16
18			
19	Revised projected direct gas costs [1]	\$ 5,229,576	Table 2, PG. 2, Line 62
20	Revised projected indirect gas costs [2]	\$ 219,475	Table 2, PG. 4, Line 94
21	Revised total projected gas costs 05/01/2020 - 10/31/2020	\$ 5,449,051	LN 19 + LN 20
22			
23	Projected October 31, 2020 Summer Season Balance	\$ (173,325)	LN 1 + LN 17 + LN 21
24			
25	Projected Winter Season Variance	\$ 67,181	Table 2, Page 3, LN 104
26			
27	Projected End of Year Balance	\$ (106,144)	Table 2, Page 3, LN 92
28			
29			
30			
31	Projected Summer Season Imbalance Type	Over-collection	
32			
33	Projected Summer Balance Projection	-3.18%	LN 23 / LN 21
34			
35	Summer Season Over-collection Threshold (4% over Summer Costs)	\$ (217,962)	LN 23 * 4%
36			
37	Summer Season Under-collection Threshold (4% over Year End Balance)	\$ 150,781	(ABS) LN 25 + (ABS) LN 35
38			
39	Over-collection Rate Adjustment Required	Yes	IF (ABS) LN 23 > (ABS) LN 35 Yes, ELSE No
40			
41	Under-collection Rate Adjustment Required	No	IF (ABS) LN 23 > (ABS) LN 37 Yes, ELSE No

NOTES

[1] Reflects futures prices as of May 19, 2020

[2] Includes: Working Capital Allowance, Bad Debt Allowance, Production and Storage Capacity, Miscellaneous Overhead and Interest

**Northern Utilities
 NEW HAMPSHIRE (Over) / Undercollection Anal**

Sales Revenues				
Volumes	Winter	Summer	Prior Period	Total
Residential Heat & Non Heat				3,473,678
Sales HLF Classes				2,702,383
Sales LLF Classes				2,532,740
Total		8,708,801		8,708,801
Rates				
Residential Heat & Non Heat CGA				
Sales HLF Classes CGA				
Sales LLF Classes CGA				
Revenues				
Residential Heat & Non Heat				\$ (824,999)
Sales HLF Classes				\$ (553,988)
Sales LLF Classes				\$ (689,665)
Total Sales	\$ (18,444,862)	\$ (2,068,652)		\$ (20,513,514)
Gas Costs and Credits				
Demand Costs (net of Capacity Assignment)				Total
Pipeline	\$ -	\$ 886,115		\$ 886,115
Storage	\$ -	\$ 3,611,429		\$ 3,611,429
On-system Peaking	\$ -	\$ 166,940		\$ 166,940
Off-System Peaking	\$ -	\$ 1,948,405		\$ 1,948,405
Total Demand Costs	\$ -	\$ 6,612,888		\$ 6,612,888
Asset Management and Capacity Release				
NUI AMA Revenue				\$ (7,230,300)
NUI Capacity Release				\$ -
NUI AMA Rev & Cap. Release Subtotal				\$ -
NH AMA Revenue				\$ (3,028,914)
NH Capacity Release				\$ -
NH Total Asset Management and Capacity Release		\$ -	\$ -	\$ (3,028,914)
Re-entry Rate & Conversion Rate Revenue	\$ (10,000)	\$ -		\$ (10,000)
Net Demand Costs	\$ 4,632,342	\$ 3,583,973		\$ 8,216,315
NUI Commodity Costs				
NUI Total Pipeline Volumes				2,470,098
Pipeline Costs Modeled in Sendout™				\$ 5,340,010
NYMEX Price Used for Forecast				
NYMEX Price Used for Update				
Increase/(Decrease) NYMEX Price				
Increase/(Decrease) in Pipeline Costs				
Updated Pipeline Costs				
New Hampshire Allocated Percentage				
NH Updated Pipeline Costs				\$ 1,630,047
NH Peaking Costs				
NH Peaking Volumes				
NH Peaking Costs Modeled in Sendout				
Change in NYMEX Price				
Change in Peaking Costs				
NH Updated Peaking Costs				\$ -
NH Commodity Costs				
Pipeline				\$ 1,630,047
Storage				\$ -
Peaking				\$ 15,556
Total Commodity Costs	\$ 12,121,972	\$ 1,645,603		\$ 13,767,575
Inventory Finance Charge				\$ -
Total Anticipated Direct Cost of Gas	\$ 16,754,314	\$ 5,229,576		\$ 21,983,890

Northern Utilities
NEW HAMPSHIRE (Over) / Undercollection Analysis, Balances and Interest Calculation

	Winter								Summer					
	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	(Forecast) May-20	(Forecast) Jun-20	(Forecast) Jul-20	(Forecast) Aug-20	(Forecast) Sep-20	(Forecast) Oct-20	
Working Capital														
Total Anticipated Direct Cost of Gas		\$ 2,321,971	\$ 4,459,112	\$ 3,862,497	\$ 3,016,554	\$ 2,280,546	\$ 1,757,285	\$ 927,937	\$ 832,190	\$ 812,308	\$ 822,812	\$ 836,627	\$ 1,110,612	
Working Capital Percentage		0.1441%	0.14%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	
Working Capital Allowance		\$ 3,346	\$ 6,426	\$ 5,037	\$ 3,934	\$ 2,974	\$ 2,291	\$ 1,210	\$ 1,085	\$ 1,059	\$ 1,073	\$ 1,091	\$ 1,448	
Beginning Period Working Capital Balance		\$ (47,165)	\$ (44,018)	\$ (37,771)	\$ (32,874)	\$ (29,063)	\$ (26,198)	\$ (24,006)	\$ (22,889)	\$ (21,892)	\$ (20,917)	\$ (19,925)	\$ (18,911)	
End of Period Working Capital Allowance		\$ (43,819)	\$ (37,593)	\$ (32,735)	\$ (28,941)	\$ (26,089)	\$ (23,907)	\$ (22,796)	\$ (21,803)	\$ (20,833)	\$ (19,844)	\$ (18,834)	\$ (17,462)	
Interest		\$ (199)	\$ (179)	\$ (140)	\$ (122)	\$ (109)	\$ (99)	\$ (93)	\$ (88)	\$ (85)	\$ (81)	\$ (77)	\$ (72)	
End of period with Interest		\$ (47,165)	\$ (44,018)	\$ (37,771)	\$ (32,874)	\$ (29,063)	\$ (26,198)	\$ (24,006)	\$ (22,889)	\$ (21,892)	\$ (20,917)	\$ (19,925)	\$ (18,911)	
Bad Debt														
Projected Bad Debt	\$ -	\$ 14,220	\$ 7,458	\$ 24,377	\$ 1,585	\$ 1,221	\$ 3,544	\$ 8,419	\$ 25,257	\$ 25,257	\$ 33,676	\$ 25,257	\$ 25,257	
Beginning Period Bad Debt Balance		\$ 32,931	\$ 47,326	\$ 55,008	\$ 79,651	\$ 81,554	\$ 83,101	\$ 86,981	\$ 95,761	\$ 121,447	\$ 147,234	\$ 181,559	\$ 207,585	
End of Period Bad Debt Balance		\$ 47,151	\$ 54,784	\$ 79,385	\$ 81,236	\$ 82,776	\$ 86,645	\$ 95,400	\$ 121,018	\$ 146,704	\$ 180,910	\$ 206,816	\$ 232,842	
Interest		\$ 175	\$ 223	\$ 266	\$ 318	\$ 325	\$ 336	\$ 361	\$ 429	\$ 531	\$ 649	\$ 769	\$ 872	
End of Period Bad Debt Balance with Interest	\$ 32,931	\$ 47,326	\$ 55,008	\$ 79,651	\$ 81,554	\$ 83,101	\$ 86,981	\$ 95,761	\$ 121,447	\$ 147,234	\$ 181,559	\$ 207,585	\$ 233,713	
Local Production and Storage Capacity		\$ 79,351	\$ 79,351	\$ 79,351	\$ 79,351	\$ 79,351	\$ 79,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Miscellaneous Overhead		\$ 77,924	\$ 77,924	\$ 77,924	\$ 77,924	\$ 77,924	\$ 77,924	\$ 18,818	\$ 18,818	\$ 18,818	\$ 18,818	\$ 18,818	\$ 18,818	
Gas Cost Other than Bad Debt and Working Capital Over/Under Collection														
Beginning Balance Over/Under Collection		\$ (2,731,062)	\$ (3,020,010)	\$ (2,583,515)	\$ (2,568,801)	\$ (2,746,422)	\$ (3,458,380)	\$ (3,549,518)	\$ (3,063,556)	\$ (2,539,200)	\$ (1,985,232)	\$ (1,422,559)	\$ (859,312)	
Net Costs - Revenues		\$ (276,395)	\$ 448,726	\$ 24,891	\$ (167,122)	\$ (699,703)	\$ (77,295)	\$ 499,024	\$ 535,422	\$ 562,906	\$ 569,404	\$ 567,754	\$ 539,323	
Ending Balance before Interest		\$ (3,007,457)	\$ (2,571,284)	\$ (2,558,624)	\$ (2,735,923)	\$ (3,446,124)	\$ (3,535,675)	\$ (3,050,494)	\$ (2,528,134)	\$ (1,976,295)	\$ (1,415,827)	\$ (854,804)	\$ (319,989)	
Average Balance		\$ (2,869,260)	\$ (2,795,647)	\$ (2,571,069)	\$ (2,652,362)	\$ (3,096,273)	\$ (3,497,028)	\$ (3,300,006)	\$ (2,795,845)	\$ (2,257,748)	\$ (1,700,529)	\$ (1,138,681)	\$ (589,650)	
Interest Rate		5.25%	5.25%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	
Interest Expense		\$ (12,553)	\$ (12,231)	\$ (10,177)	\$ (10,499)	\$ (12,256)	\$ (13,842)	\$ (13,063)	\$ (11,067)	\$ (8,937)	\$ (6,731)	\$ (4,507)	\$ (2,334)	
Ending Balance Incl Interest Expense	\$ (2,731,062)	\$ (3,020,010)	\$ (2,583,515)	\$ (2,568,801)	\$ (2,746,422)	\$ (3,458,380)	\$ (3,549,518)	\$ (3,063,556)	\$ (2,539,200)	\$ (1,985,232)	\$ (1,422,559)	\$ (859,312)	\$ (322,323)	
Total Over/Under Collection Ending Balance	\$ (2,745,296)	\$ (3,016,703)	\$ (2,566,279)	\$ (2,522,024)	\$ (2,693,930)	\$ (3,401,478)	\$ (3,486,543)	\$ (2,990,684)	\$ (2,439,646)	\$ (1,858,915)	\$ (1,260,924)	\$ (670,637)	\$ (106,144)	
Total Indirect Cost of Gas	\$ (2,745,296)	\$ 162,264	\$ 158,973	\$ 176,638	\$ 152,491	\$ 149,430	\$ 149,505	\$ 15,653	\$ 34,434	\$ 36,644	\$ 47,404	\$ 41,351	\$ 43,989	
Total Cost of Gas	\$ (2,745,296)	\$ 2,326,960	\$ 4,460,809	\$ 3,881,860	\$ 3,011,770	\$ 2,272,702	\$ 1,749,515	\$ 924,772	\$ 847,806	\$ 830,133	\$ 851,398	\$ 859,159	\$ 1,135,782	
Total Interest	\$ -	\$ (12,577)	\$ (12,186)	\$ (10,051)	\$ (10,303)	\$ (12,040)	\$ (13,806)	\$ (12,794)	\$ (10,726)	\$ (8,491)	\$ (6,162)	\$ (3,815)	\$ (1,534)	

April 30th Target Balance	\$ (3,553,724)
April 30th Projected Balance	\$ (3,486,543)
Variance	\$ 67,181

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Northern Utilities
NEW HAMPSHIRE (Over) / Undercollection Anal

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	Winter	Summer	Prior Period	Total
Working Capital				
Total Anticipated Direct Cost of Gas				\$ 23,040,451
Working Capital Percentage				
Working Capital Allowance	\$ 24,007	\$ 6,967	\$ (47,165)	\$ (16,192)
Beginning Period Working Capital Balance				
End of Period Working Capital Allowance				
Interest	\$ (848)	\$ (495)		\$ (1,343)
End of period with Interest				
Bad Debt				
Projected Bad Debt	\$ 52,406	\$ 143,122	\$ 32,931	\$ 228,459
Beginning Period Bad Debt Balance				
End of Period Bad Debt Balance				
Interest	\$ 1,644	\$ 3,611		\$ 5,255
End of Period Bad Debt Balance with Interest				
Local Production and Storage Capacity				\$ 476,106
				\$ -
Miscellaneous Overhead				\$ 580,455
Gas Cost Other than Bad Debt and Working Capital Over/L				
Beginning Balance Over/Under Collection				\$ (30,527,566)
Net Costs - Revenues				\$ 2,526,937
Ending Balance before Interest				\$ (28,000,629)
Average Balance				\$ (29,264,098)
Interest Rate				
Interest Expense				\$ (118,197)
Ending Balance Incl Interest Expense			\$ (2,731,062)	
Total Over/Under Collection Ending Balance				
Total Indirect Cost of Gas	\$ 949,302	\$ 219,475	\$ (2,745,296)	\$ (1,576,520)
Total Cost of Gas	\$ 17,703,616	\$ 5,449,051	\$ (2,745,296)	\$ 20,407,371
Total Interest	\$ (70,762)	\$ (43,523)		\$ (114,286)