

**STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

NORTHERN UTILITIES, INC.)))))	DOCKET NO. DG 21-131
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MOTION FOR AMENDMENT TO COST OF GAS RATE

Northern Utilities, Inc., (“Northern” or the “Company”) submits this Motion requesting approval of the New Hampshire Public Utilities Commission (“Commission”) for an adjustment to its Cost of Gas (“COG”) rate as that rate had been approved in Order No. 26,539 (October 29, 2021) and amended in Order No. 26,626 (May 12, 2022), to be effective on September 1, 2022.

In support of its Motion, Northern states the following:

1. As noted by the Commission in Order No. 26,539, the COG adjustment mechanism allows the Company to pass the gas commodity costs on to its customers directly and efficiently without mark-up or profit. COG rates are initially set using projected costs and sales for the upcoming winter period, which runs from November 1 through April 30, and the summer period which runs from May 1 through October 31. Through the COG adjustment mechanism, the Company may adjust COG rates monthly to incorporate changes in the natural gas markets based on actual costs to date and projected costs for the remainder of the period. Also through the COG adjustment mechanism, without additional Commission action, the Company has historically

been permitted to increase the COG rates by up to 25 percent above the initially approved rate, and to decrease the COG rate as far as necessary.

2. On September 17, 2021, Northern submitted a winter 2021/2022 and summer 2022 COG filing outlining its proposed COG for the winter and summer periods. Also, on October 11, 2021, the Company filed the supplemental testimony of Francis Wells regarding recent price volatility and the Company's actions in response. The proposed rates were approved as filed in Order No. 26,539. At the time of Order No. 26,539, the Commission "commend[ed] Northern for its hedging and well-considered pipeline, storage and peaking strategy which minimized ratepayer costs in a very difficult commodity environment." Order No. 26,539 at 6.
3. Following Order No. 26,539, Northern filed monthly reports noting the ongoing over or under-collections of COG costs, relative to the projected balances, and has identified any adjustments to the COG rate deemed necessary in light of changes in gas commodity prices. In its April 22, 2022 report, Northern noted that due to an under-collection driven by "substantially higher NYMEX prices" it was "increasing rates by their maximum amount, 25 percent above the initially approved rate." April 22, 2022 Report in Docket No. DG 21-131 at 11. Northern further noted that "this increase will not recover the total estimated summer season under-collection leaving a remaining under-collection balance of approximately \$1.95 million." *Id.* Further, Northern stated that, "Due to the amount of this shortfall, the Company will consider

submitting an amended cost of gas filing in early May, for effect June 1st, to recover the remaining balance if there are no material declines in NYMEX prices towards the end of April.” *Id.*

4. On May 10, 2022, Northern filed a motion and the supporting testimony and attachments of Christopher Kahl demonstrating that NYMEX prices had not materially declined since the time of the Company’s April 22, 2022 report. Accordingly, Northern sought to increase the COG rate effective June 1, 2022. On May 12, 2022, the Commission issued Order No. 26,626 on a *nisi* basis approving Northern’s proposed adjustment to the COG rate. On May 16, 2022, Northern sought clarification of Order No. 26,626 because the Commission had not specifically ruled upon Northern’s request that the Commission continue to allow adjustments to the rate without further Commission action consistent with its existing and past practice. By Order No. 26,627 (May 17, 2022) the Commission ruled that “We are concerned about rate shock for customers and decline to authorize any further increases in the rate without our review and approval. We will, however, authorize any reduction in summer 2022 rates without our approval.” Order No. 26,627 at 2.
5. Due to continuing high NYMEX prices, on June 13, 2022, Northern submitted a second filing to amend the COG rate effective as of July 1, 2022. As part of that filing, Northern also noted that in the event the Commission was unable to rule on the requested amendment for July 1, Northern would update the proposal in July for

effect on August 1. On June 23, the Commission issued a procedural order setting a hearing on the matter for July 28, 2022. Ultimately, NYMEX prices moderated in July resulting in Northern withdrawing its proposed amendment.

6. Consistent with its ongoing practice, Northern has continued to monitor relevant NYMEX prices, and since the time Northern withdrew the amendment it had proposed in June prices have resumed their upward trend, resulting in a projected material under-collection by Northern absent an increase in the COG rate. In that, pursuant to Order No. 26,627, Northern may not increase the COG rate absent Commission review and approval, in this submission, Northern requests that the Commission review and approve Northern's proposed adjustment to the COG rate effective September 1 consistent with the supporting information contained in the accompanying testimony and attachments of Christopher Kahl. Further, while Northern fully appreciates the Commission's desire to avoid rate shock, in light of the continuing volatility of NYMEX prices, Northern requests that the Commission again allow adjustments to the rate without further Commission action within a specified bandwidth consistent with its past practice.
7. By making this proposed September 1 adjustment, Northern seeks to assure that the COG rates are matched with the period in which the costs are incurred, to the extent practicable, and it seeks to mitigate any potential for a significant under-collection

being carried into, and reconciled in, a future COG period. Accordingly, Northern requests that the Commission approve this adjustment.

Conclusion

For all of the foregoing reasons, Northern requests that the Commission:

- A. Review and approve the adjusted COG rate as set forth in this filing;
- B. Allow further adjustments to the COG rate within the 25 percent band consistent with past practice; and
- C. Grant such other relief as the Commission may deem necessary and proper.

Respectfully submitted,

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By its Attorney:



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CERTIFICATE OF SERVICE

I certify that I have caused copies of this Motion to be served on the service list in
Docket No. DG 21-131

Dated: September 12, 2022.



Matthew J. Fossum