

**NORTHERN UTILITIES, INC.
NEW HAMPSHIRE DIVISION
NOVEMBER 2021 / OCTOBER 2022 ANNUAL PERIOD
THIRD AMENDED COST OF GAS ADJUSTMENT FILING
Docket No. DG 21-131**

**SUPPLEMENTAL PREFILED TESTIMONY OF
CHRISTOPHER A. KAHL**

1 **Q. Please state your name and business address.**

2 A. My name is Christopher A. Kahl. My business address is 6 Liberty Lane West,
3 Hampton, New Hampshire.

4 **Q. For whom do you work and in what capacity?**

5 A. I am a Senior Regulatory Analyst for Unitil Service Corp. (“Unitil Service”), a subsidiary
6 of Unitil Corporation (“Unitil”). Unitil Service provides managerial, financial, regulatory
7 and engineering services to the principal subsidiaries of Unitil. These subsidiaries are
8 Fitchburg Gas and Electric Light Company d/b/a Unitil, Granite State Gas Transmission,
9 Inc., Northern Utilities, Inc. d/b/a Unitil (“Northern” or “the Company”), and Unitil
10 Energy Systems, Inc. I am responsible for developing, providing and sponsoring certain
11 reports, testimony and proposals filed with regulatory agencies.

12 **Q. Have you previously testified before the New Hampshire Public Utilities**
13 **Commission or for Unitil?**

14 A. Yes, I have testified before the Commission in the 2020 / 2021 Annual Cost of Gas
15 (“COG”) proceeding, Docket No. DG 20-154 and the 2019 / 2020 Annual COG
16 proceeding, Docket No. DG 19-154. I have testified in numerous other Cost of Gas
17 proceedings as well.

1 **Q. Please explain the purpose of your pre-filed supplemental testimony in this**
2 **proceeding.**

3 A. The purpose of my pre-filed supplemental testimony is to explain why Northern is
4 submitting its third amended 2022 Summer Season COG filing in this docket. As the
5 Commission is aware, Northern submitted its first amended COG filing as part of its May
6 2022 monthly gas report with new COG rates issued for effect on June 1, 2022. This first
7 amended COG filing was made because Northern had already increased COG rates by
8 the maximum 25% preapproval limit in April and was projecting a material under-
9 collection of gas costs in its May 2022 monthly gas report. The Commission approved
10 the amended COG filing and the new COG rates went into effect on June 1, 2022. On
11 June 13, 2022 the Company again projected a material under-collection of gas costs and
12 submitted a second amended COG filing. The Commission was unable to issue a
13 decision in June and delayed the proceeding until July for an August 1 effective date.
14 During July, NYMEX prices dropped significantly and Northern no longer projected a
15 material under-collection of gas costs. As a result, on July 22nd, Northern withdrew its
16 filing for a rate increase. However, since that time, NYMEX prices have once again risen
17 sharply and the Company is now submitting this third amended COG filing for effect
18 September 1, 2022.

19 **Q. Please describe the reason for this COG rate increase in greater detail.**

20 A. Based on NYMEX prices as of August 10, 2022 Northern is projecting an under-recovery
21 of \$743,250. This projected under-collection represents 9.87% of projected summer
22 season gas costs and exceeds the 4% threshold for requiring a rate change in the summer

1 season. A summary of the projected costs, revenues and ending season balances is
2 provided in Attachment 1. Monthly costs and revenues are provided in Attachment 2.
3 Although this under-collection is significantly smaller than the under-collection projected
4 in the second amended COG filing submitted in June, the under-collection is still above
5 the threshold for requiring a change in the COG. Therefore, it is in the best interest of the
6 Company and its customers to increase COG rates now and not flow the under-collection
7 into next year's COG rates.

8 **Q. Is this amended COG filing solely due to higher NYMEX prices?**

9 A. In addition to updating the NYMEX, Northern did updated its July estimated costs and
10 revenues with actuals. The impact of updating the July numbers contributes a small
11 portion to the projected under-collection.

12 **Q. Please provide a summary of how NYMEX prices have changed this spring and**
13 **summer.**

14 A. In Northern's initial amended COG filing submitted on May 10th, the average NYMEX
15 price for August through October 2022 was \$7.07. In Northern's June 13th filing
16 requesting a second amended increase in COG rates, the average NYMEX price for
17 August through October 2022 was \$8.85. This average rate had fallen to \$7.18 in the
18 Company's July 21st filing withdrawing the rate increase. Since that time prices have
19 rebounded once again and the August through October 2022 average price on August 10,
20 2022 was \$8.36. To better illustrate these changes, I provide Figure 1 which shows the

1 slowdown in pipeline projects due to increased environmental scrutiny of expansion
2 projects on both the federal and state level, including recent FERC initiatives to consider
3 the impact of carbon emissions caused by pipeline expansions. In addition, the heat
4 waves in many part of the country that have occurred this summer have boosted electric
5 demand which, in turn, has increased the demand for natural gas.

6 **Q. Is the volatility in gas prices experienced during the summer of 2022 unusual?**

7 A. Yes. Although NYMEX prices can and occasionally do post large daily increases and
8 decreases, NYMEX prices during this past spring and summer seem more volatile than in
9 the past with prices moving by \$0.50 or more in a single day which adds to the difficulty
10 in projecting end of season COG balances.

11 **Q. What is the impact on the Summer Season COG rates due to the under-recovery?**

12 A. In order to recover the projected under-collection, COG prices will need to increase by
13 \$0.2078 per Dth for all customers. As a result, the residential heating rate will increase
14 from \$0.9126 to \$1.1204 per therm.

15 **Q. What is the bill impact on a residential heating customer due to the proposed
16 increase in COG rates?**

17 A. I have provided Attachment 3 which provides the rate impacts resulting from the
18 proposed change in COG rates. As Page 1 of this Attachment shows, if approved for
19 September 1st, a typical residential heating customer will pay \$7.43 or 6.7% more over

1 the remainder of the Summer Season when compared to the bill at the Company's current
2 COG rate.

3 **Q. Does Northern propose to reinstate the preapproved bandwidth that allows COG**
4 **rates to increase by up to 25% and decrease by any amount without additional**
5 **Commission approval?**

6 A. Yes. Due to the volatile nature of NYMEX prices this year, Northern requests that the
7 bandwidth be reinstated to in order to allow the Company to adjust rates in a more
8 expeditious manner. Reinstating the bandwidth will allow the Company to adjust rates
9 more efficiently and with greater regulatory certainty.

10 **Q. Does this conclude your testimony?**

11 A. Yes it does.