

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DG 13-119**

**NORTHERN UTILITIES, INC.**

**Petition for Approval of Proposed Changes to Financial Hedging Program**

**Order Approving Revised Hedging Plan**

**ORDER NO. 25,547**

**July 18, 2013**

The petitioner, Northern Utilities, Inc. (Northern), a public utility supplying natural gas service to customers in southeastern New Hampshire, filed a petition to revise its hedging program relative to natural gas futures on April 23, 2013. Northern updated its petition by a filing made on June 11, 2013. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, is posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2013/13-119.html>.

As part of its petition, Northern seeks to implement a series of technical adjustments to its hedging policy, which may be summarized as follows: (1) Northern, under the proposed program, will cease purchasing futures contracts and begin purchasing call options to hedge against natural gas price spikes, enabling Northern to better take advantage of price-reduction opportunities; (2) Northern will discontinue hedging of "shoulder-season" supplies for the April, May, and October months under the new program; and (3) Northern will implement a transition plan for ending futures contracts for the 2014-2015 hedging period one month after Commission approval of its new program. Also, Northern, under the new program, would file its hedging

plan for the next year's winter period with its off-peak summer cost of gas filings (18 months in advance). The filed plan would include the hedging budget, the number of contracts to be purchased and expected strike prices. The hedging plan would provide an analysis showing how each component of the proposed budget was determined and include the customer bill impact of the hedging activity. Northern could propose revisions to the plan based upon plan results and changes in the natural gas market.

Staff, in a letter filed with the Commission on May 20, 2013, recommended that the Commission approve the revised Northern hedging program, including the hedging transition program for 2014-2015, on the basis that approval would be in the public interest. Staff examined a number of technical aspects of the proposed program in its recommendation for approval. *See* Letter of Stephen P. Frink, Assistant Director, Gas & Water Division, to Executive Director Debra A. Howland, dated May 20, 2013.

Having reviewed Northern's current hedging policy and the updated proposal to amend that policy, we agree with Staff that such revision is appropriate and in the public interest, and approve Northern's updated proposal.

**Based upon the foregoing, it is hereby**

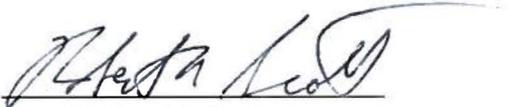
**ORDERED**, that the revised hedging plan proposed by Northern on April 23, 2013, and updated on June 11, 2013, is hereby approved for implementation; and it is

**FURTHER ORDERED**, that the first annual hedging plan filing under the revised policy be included in the 2014 off-peak cost of gas filing from Northern.

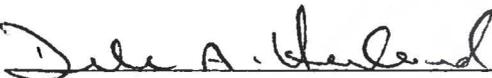
By order of the Public Utilities Commission of New Hampshire this eighteenth day of  
July, 2013.

  
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Amy L. Ignatius  
Chairman

  
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Michael D. Harrington  
Commissioner

  
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Robert R. Scott  
Commissioner

Attested by:

  
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Debra A. Howland  
Executive Director