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VIA OVERNIGHT DELIVERY AND ELECTRONIC FILING

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



Re: Northern Utilities, Inc., Docket No. DG 07-033

Dear Ms. Howland:

Enclosed for filing, in the above reference docket, please find an original and seven (7) copies of Northern Utilities Inc.'s ("Northern's") **Revised** Schedule JAF-1, Page 2 of 4 and **Revised** Schedule JAF-1, Page 4 of 4, originally filed with Northern's Rebuttal Testimony on April 20, 2007. It came to Northern's attention during the April 23<sup>rd</sup> Hearing in this matter, that the April 20<sup>th</sup> schedules incorrectly included six and one-half months of summer period COG revenues by including both the half month of prorated November 2005 and November 2006 COG collections. In light of this discovery, Northern requested at the hearing to submit such a revised Schedule JAF-1, page 2. The Chairman granted Northern's request by reserving Exhibit No. 9 for revisions to Schedule JAF-1, Page 2 of 4. Since the revisions to page 2 of Schedule JAF-1 impact the summary information on page 4 of 4 of Schedule JAF-1, Northern is requesting that revised page 4 of 4 also be included as part of Exhibit No. 9, and made part of the record.

As discussed with the parties, Northern has revised Schedule JAF-1, Page 2 of 4, to remove the November 2006 half-month of prorated revenues of \$1,669,840. However, Northern found it appropriate to replace the November 2005 revenue amount of \$1,950,004, with the November 2006 revenue amount of \$1,669,840, in order to match the total period revenues with the total period costs. This additional modification attempts to adhere to the parties' goal and understanding that any analysis or modeling of the impact should "assume" that in total, at the end of the period, revenues and costs should be equal to avoid any bias in the results.

This revision changes the summer period interest, using billing month, from the amount originally filed of a negative/credit \$(146,436) to \$(117,577), a difference of \$28,859. As stated above, this revision to Page 2 of 4 also impacts the summary results found on Page 4 of 4. The flow-through of the revision to Page 4 of 4 indicates that the difference in generated interest

between using billing month (actual as-billed) and calendar month (accrued) revenues is \$74,798, rather than \$45,939, as originally filed and to which Joseph Ferro testified.

Please do not hesitate to contact Joseph A. Ferro at 508-836-7273 or me if you have any questions regarding this filing.

Very truly yours,

*Patricia M. French / spn*  
Patricia M. French

cc: Kenneth Traum, Office of Consumer Advocate  
Joseph A. Ferro, Northern Utilities

NORTHERN UTILITIES, INC. - New Hampshire Division  
 November 2005 - October 2006 OFF PEAK  
 Analysis of Interest on Over/Undercollection-Calendar Month vs. Billing Month  
 Actuals

| SUMMER PERIOD                             | November       | December       | January 2006   | February       | March          | April          | May   | June           | July           | August         | September      | October        | November     | Total          |                         |  |                         |  |
|---|----------------|----------------|----------------|----------------|----------------|----------------|---|----------------|----------------|----------------|----------------|----------------|--------------|----------------|-------------------------|--|-------------------------|--|
| <b>CALENDAR MONTHS</b>                    |                |                |                |                |                |                |   |                |                |                |                |                |              |                |                         |  |                         |  |
| Volumes                                   |                | 0              | 0              | 0              | 0              | 0              | 2,671,906   | 1,404,385      | 1,070,355      | 1,197,235      | 1,248,641      | 2,161,855      |              | 9,754,377      |                         |  |                         |  |
| Per Settlement in DG05-080                |                |                |                |                |                |                |   |                |                |                |                |                |              |                |                         |  |                         |  |
| Summer Period Account Beginning Balance   | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -  | \$ (1,044,444) | \$ (1,082,146) | \$ (817,040)   | \$ (814,873)   | \$ (610,795)   | \$ (29,766)  |                |                         |  |                         |  |
| Plus: Cost of Firm Gas (Schedule 4)       | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ 1,944,852  | \$ 1,287,948   | \$ 1,314,273   | \$ 1,173,138   | \$ 1,540,268   | \$ 2,864,147   |              | 10,124,626     |                         |  |                         |  |
| Less: Reported Collections (Schedule 3)   | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ (2,985,857)  | \$ (1,318,567) | \$ (1,042,661) | \$ (1,165,380) | \$ (1,331,306) | \$ (2,280,924) |              | (10,124,694)   |                         |  |                         |  |
|   |                |                |                |                |                |                | <b>- Full Month</b>   |                |                |                |                |                |              |                |                         |  |                         |  |
| Summer Period Ending Balance              | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ (1,041,005)  | \$ (1,075,064) | \$ (810,534)   | \$ (809,283)   | \$ (605,911)   | \$ (27,571)    | \$ (29,766)  | \$ (68)        |                         |  |                         |  |
| Month's Average Balance                   | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ (520,502)  | \$ (1,059,754) | \$ (946,340)   | \$ (813,162)   | \$ (710,392)   | \$ (319,183)   | \$ (29,766)  | (4,399,099)    |                         |  |                         |  |
| Interest Rate (Prime Rate)                | 6.50%          | 6.50%          | 7.00%          | 7.00%          | 7.00%          | 7.50%          | 7.93%   | 8.02%          | 8.25%          | 8.25%          | 8.25%          | 8.25%          | 8.25%        |                |                         |  |                         |  |
| Interest Applied                          | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ (3,440)  | \$ (7,083)     | \$ (6,506)     | \$ (5,590)     | \$ (4,884)     | \$ (2,194)     | \$ (205)     | \$ (29,902)    |                         |  |                         |  |
| Summer Period Account Ending Balance      | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ (1,044,444)  | \$ (1,082,146) | \$ (817,040)   | \$ (814,873)   | \$ (610,795)   | \$ (29,766)    | \$ (29,970)  | \$ (29,970)    |                         |  |                         |  |
| Average of Month's Average Balance        |                |                |                |                |                |                |   |                |                |                |                |                |              | \$ (338,392)   |                         |  |                         |  |
| <b>BILLING MONTHS</b>                     |                |                |                |                |                |                |   |                |                |                |                |                |              |                |                         |  |                         |  |
| Volumes                                   | 0              | 0              | 0              | 0              | 0              | 0              | 1,272,403   | 1,996,319      | 1,187,676      | 1,072,847      | 1,203,754      | 1,438,722      | 1,582,656    | 9,754,377      |                         |  |                         |  |
| Per Settlement in DG05-080                |                |                |                |                |                |                |   |                |                |                |                |                |              |                |                         |  |                         |  |
| Summer Period Account Beginning Balance   | \$ (1,674,362) | \$ (1,683,432) | \$ (1,693,252) | \$ (1,703,129) | \$ (1,713,064) | \$ (1,723,771) | \$ (1,210,439)  | \$ (2,030,009) | \$ (1,885,825) | \$ (1,769,476) | \$ (1,457,897) | \$ (116,843)   |              |                |                         |  |                         |  |
| Plus: Cost of Firm Gas (Schedule 4)       | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ 1,944,852  | \$ 1,287,948   | \$ 1,314,273   | \$ 1,173,138   | \$ 1,540,268   | \$ 2,864,147   |              | 10,124,626     |                         |  |                         |  |
| Less: Reported Collections (Schedule 3)   | \$ (1,669,840) | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ (1,421,857)  | \$ (2,096,726) | \$ (1,156,675) | \$ (1,044,267) | \$ (1,217,633) | \$ (1,517,699) |              | (10,124,696)   |                         |  |                         |  |
| (Oct '05 Prorated Vols of 1,761,543)      |                |                |                |                |                |                | <b>(2nd half of Summer @ Nov 06 revs, not \$1,950,004 Nov 05 revs, to bal revs &amp; costs)</b> |                |                |                |                |                |              |                | <b>- Prorated Month</b> |  | <b>Revision 4-24-07</b> |  |
| Summer Period Ending Balance              | \$ (1,669,840) | \$ (1,674,362) | \$ (1,683,432) | \$ (1,693,252) | \$ (1,703,129) | \$ (1,713,064) | \$ (1,200,776)  | \$ (2,019,216) | \$ (1,872,410) | \$ (1,756,954) | \$ (1,446,841) | \$ (111,449)   | \$ (116,843) | \$ (70)        |                         |  |                         |  |
| Month's Average Balance                   | \$ (834,920)   | \$ (1,674,362) | \$ (1,683,432) | \$ (1,693,252) | \$ (1,703,129) | \$ (1,713,064) | \$ (1,462,273)  | \$ (1,614,828) | \$ (1,951,210) | \$ (1,821,390) | \$ (1,608,159) | \$ (784,673)   | \$ (116,843) | (17,826,615)   |                         |  |                         |  |
| Interest Rate (Prime Rate)                | 6.50%          | 6.50%          | 7.00%          | 7.00%          | 7.00%          | 7.50%          | 7.93%   | 8.02%          | 8.25%          | 8.25%          | 8.25%          | 8.25%          | 8.25%        |                |                         |  |                         |  |
| Interest Applied                          | \$ (4,522)     | \$ (9,069)     | \$ (9,820)     | \$ (9,877)     | \$ (9,935)     | \$ (10,707)    | \$ (9,663)  | \$ (10,792)    | \$ (13,415)    | \$ (12,522)    | \$ (11,056)    | \$ (5,395)     | \$ (803)     | \$ (117,577)   |                         |  |                         |  |
| Summer Period Account Ending Balance      | \$ (1,674,362) | \$ (1,683,432) | \$ (1,693,252) | \$ (1,703,129) | \$ (1,713,064) | \$ (1,723,771) | \$ (1,210,439)  | \$ (2,030,009) | \$ (1,885,825) | \$ (1,769,476) | \$ (1,457,897) | \$ (116,843)   | \$ (117,647) | \$ (117,647)   |                         |  |                         |  |
| Average of Month's Average Balance        |                |                |                |                |                |                |   |                |                |                |                |                |              | \$ (1,435,503) |                         |  |                         |  |
| Interest Calculation Difference           | \$ 4,522       | \$ 9,069       | \$ 9,820       | \$ 9,877       | \$ 9,935       | \$ 10,707      | \$ 6,224  | \$ 3,710       | \$ 6,908       | \$ 6,932       | \$ 6,172       | \$ 3,200       | \$ 599       | \$ 87,675      |                         |  |                         |  |
| WINTER PERIOD Interest Difference         |                |                |                |                |                |                |   |                |                |                |                |                |              | \$ (162,473)   |                         |  |                         |  |
| TOTAL NOV 05 - OCT 06 Interest Difference |                |                |                |                |                |                |   |                |                |                |                |                |              | \$ (74,798)    |                         |  |                         |  |

\* Set beginning balance at zero to eliminate any impact on interest calculation due to out-of-period costs.

| Billing Month:   | Check             | Calendar Volumes | Billing Volumes | Difference |
|--|-------------------|------------------|-----------------|------------|
| Summer Factor to Balance Rev & Exp, to end with a zero under/over coll balance | 1.11386 1.0000069 | 41,732,473       | 41,732,473      | -          |

NORTHERN UTILITIES, INC. - New Hampshire Division  
 Analysis of Interest on Over/Undercollection-Calendar Month vs. Billing Month  
 Proof

Schedule JAF-1  
 Revised 4-25-07  
 Page 4 of 4

The Northern Utilities COGC provides working cash through two mechanisms, the lead lag study's allowance and the interest on over/under collection. If the COGC is working properly, the working capital allowances from these two mechanisms, when summed, should equal the stockholder's cash requirements derived from an analysis of actual cash flows. In the proof provided below, we have identified the average monthly balance upon which carrying charges are permitted under the COGC and in accordance with the lead-lag study's results and compared that to the average monthly balance required on a cash basis. Two scenarios are shown for the over/under collection calculation, one using calendar month revenues (accrual accounting) and one based on billing month, as-billed, revenues.

|   | Calendar Month Basis | Billing Month Basis | (Billing vs. Cal. Month) Difference |
|---|----------------------|---------------------|-------------------------------------|
| <b>Over/Under Collection Analysis</b>                 |                      |                     |                                     |
| Winter Average Balance                                | \$ 487,123           | \$ 2,588,276        | \$ 2,101,153                        |
| Summer Average Balance                                | \$ (338,392)         | \$ (1,435,503)      | \$ (1,097,110)                      |
| Total   | \$ 148,731           | \$ 1,152,774        | \$ 1,004,043                        |
| <b>Lead-Lag W/C Allowance</b>                         |                      |                     |                                     |
| Winter Cost of Gas                                    | \$ 38,965,896        | \$ 38,965,896       | \$ -                                |
| Summer Cost of Gas                                    | \$ 10,124,626        | \$ 10,124,626       | \$ -                                |
| Cost of Gas   | \$ 49,090,522        | \$ 49,090,522       | \$ -                                |
| Average Daily Cost of Gas                             | \$ 134,495           | \$ 134,495          | \$ -                                |
| Lead-Lag Net Days                                     | 6.33                 | 6.33                | \$ -                                |
| W/C for Net Lag                                       | \$ 851,351           | \$ 851,351          | \$ -                                |
| Monthly Average W/C Subject to Interest               | \$ 1,000,081         | \$ 2,004,124        | \$ 1,004,043                        |
| <b>Cash flow Analysis</b>                             |                      |                     |                                     |
| Actual Average Monthly Cash Required                  | \$ 1,623,164         | \$ 1,623,164        | \$ -                                |
| <b>Variance or Over Collection (Under Collection)</b> | <b>\$ (623,083)</b>  | <b>\$ 380,960</b>   | <b>\$ 1,004,043</b>                 |
| Carrying Charge Impact @ 7.45%                        | \$ (46,419)          | \$ 28,381           | \$ 74,800                           |

Cash Flow Interest vs. Actual Interest on Deferred and Wkg Cap Recovery - Nov 05 - Oct 06

|   | Cal. Mo     | Billing Mo.  |                           |
|---|-------------|--------------|---------------------------|
| Interest re: Cash Flow - Page 3                   | 109,995     | \$ 109,995   |                           |
| Interest on Deferred Gas Cost                     |             |              |                           |
| Winter  | 37,058      | \$ 199,531   |                           |
| Summer  | (29,902)    | \$ (117,577) |                           |
| Total   | 7,156       | \$ 81,954    |                           |
| Actual Working Capital Recovery (Nov 05 - Oct 06) |             |              |                           |
| Winter  | 73,750      | \$ 73,750    |                           |
| Summer  | 14,750      | \$ 14,750    |                           |
| Total   | 88,500      | \$ 88,500    |                           |
| Total Interest Recovery (Def & WC)                | \$ 95,656   | \$ 170,454   |                           |
| Difference (Int on Def & WC vs. Cash Flow Int)    | \$ (14,339) | \$ 60,459    | (Difference)<br>\$ 74,798 |