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April 25, 2007

VIA ELECTRONIC FILING AND OVERNIGHT DELIVERY

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



Re: DG 07-033 - Northern Utilities, Inc. – Summer 2007 Cost of Gas for May 2007 through October 2007 – Revision

Dear Ms. Howland:

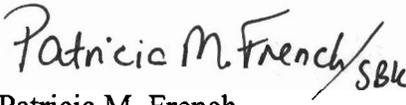
Under letter dated April 20, 2007 Northern Utilities, Inc. (“Northern”) filed its revised Summer 2007 Cost of Gas (“COG”) and testified to the COG rates included in that filing at the hearing on April 23, 2007. Pursuant to discussions today, April 25, 2007, with Stephen Frink of the New Hampshire Public Utilities Commission (“NHPUC”) Staff, Kenneth Traum of the Office of the Consumer Advocate (“OCA”) and Joseph Ferro of Northern, Northern is filing herewith a slight revision to the proposed Summer 2007 Cost of Gas applicable to all rate class categories, contained in Thirty-first Revised Page 39, which was page 3 of the April 20, 2007 COG filing. Also enclosed, as Attachment 1, is a revision to page 4 of the April 20, 2007 filing in support of the COG changes.

The unit cost of gas components of the previously filed COG rates were calculated by dividing the Total Anticipated Direct Commodity and Demand Costs by the total volumes of gas, including both firm sales and Non-grandfathered transportation throughput that is reflected in Northern’s 2007 summer period forecast demand and dispatched purchased volumes, while the COG component related to the Total Anticipated Indirect Gas Costs was calculated by dividing such costs by firm sales volumes only. The unit Direct Commodity and Demand costs were calculated consistently with the understanding of all parties and consistent with past practices. However, although the unit Indirect Gas Cost calculation was reasonable, it was a slight deviation from previous COG calculations and was not explicitly addressed in this instant above-referenced proceeding. Thus, at the request of Staff and with the consent of the OCA, Northern is revising its COG calculations such that all gas costs, both Direct and Indirect, are divided by total volumes. This revised calculation results in a slight increase to the average cost of gas that represents the total COG for the Residential classes, from \$0.8982 per therm to \$0.9040 per therm.

Also enclosed are Residential typical bill analyses reflecting the revised residential Summer 2007 COG. Attachment 2, page 1 of 2, is the residential heating monthly typical bill analysis at various consumption levels. Page 2 of Attachment 2 presents the monthly, seasonal and annual bill impact analysis of the typical residential heating customer.

If you have any questions or need additional information, please do not hesitate to call me or Joseph Ferro at (508) 836-7273. Also, please return one copy of this letter bearing the Commission's receipt stamp in the return envelope, which has been provided for your convenience.

Very truly yours,


Patricia M. French

Enclosures

cc: Stephen P. Frink, NHPUC Staff
Kenneth Traum, OCA
Ronald D. Gibbons
Joseph A. Ferro

Calculation of Anticipated Indirect Cost of Gas-New Hampshire Division

Working Capital Calculation

Total Anticipated Direct Cost of Gas-Commodity	\$9,438,888
Total Anticipated Direct Cost of Gas-Demand	\$1,090,218
Interruptible Profits	
LESS Anticipated Direct Costs assigned to Non-Grandfathered Transportatic	<u>(\$1,066,658)</u>
Total Direct Cost of Gas	\$9,462,448

Total Direct gas Costs	\$9,462,448
Working Capital Percentage (NHPUC No. 10 Section 4.06.1)	0.19%
Working Capital Allowance (NHPUC No. 10 Section 4.06.1)	<u>\$17,979</u>
Plus: Working Capital Reconciliation	<u>(\$2,207)</u>
Total Working Capital Allowance	\$15,772

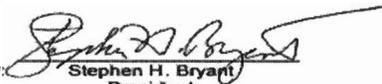
Bad Debt Calculation

Total Anticipated Direct Cost of Gas	\$9,462,448
Plus: Total Working Capital	\$15,772
Subtotal	<u>\$9,478,220</u>
Bad Debt Percentage (NHPUC No. 10 Section 4.06.1)	0.45%
Total Bad Debt Allowance	<u>\$42,652</u>
Plus: Bad Debt Reconciliation	<u>(\$5,155)</u>
Total Bad Debt Allowance	\$37,497

	\$
Working Capital Allowance	\$15,772
Bad Debt Allowance	\$37,497
Miscellaneous Overhead-23.2% Allocated to Summer Season	\$28,837
Production and Storage Capacity	\$0
Prior Period Under/(Over) Collection	(\$615,732)
Refunds	\$0
Interest	<u>(\$23,926)</u>
Total Anticipated Indirect Cost of Gas	(\$557,552)
Total Anticipated Direct Cost of Gas-Commodity	\$9,438,888
Total Anticipated Direct Cost of Gas-Demand	\$1,090,218
Total Anticipated Period Cost of Gas	<u>\$9,971,554</u>
Forecasted Off-Peak Period Therms-Firm	9,882,850
Forecasted Non-Grandfathered Therms	1,146,770
Forecasted Therms-Total	<u>11,029,620</u>

	<u>Residential</u>	<u>C&I Low Winter</u>	<u>C&I High Winter</u>
Forecasted Summer Season Cost of Gas Rate:			
COGs-Commodity	\$0.8558	\$0.8475	\$0.8602
COGs-Demand	\$0.0988	\$0.0587	\$0.1427
COGs-Indirect	<u>(\$0.0506)</u>	<u>(\$0.0506)</u>	<u>(\$0.0506)</u>
COGs-Total	<u>\$0.9040</u>	<u>\$0.8556</u>	<u>\$0.9523</u>
Minimum	\$0.7232	\$0.6845	\$0.7618
Maximum	\$1.0848	\$1.0267	\$1.1428

Issued: April 25, 2007
Effective: With Service Rendered On and After May 1, 2007

Issued by: 
Title: Stephen H. Bryant
President

Northern Utilities - NEW HAMPSHIRE DIVISION
 Calculation of Summer Period Gas Cost Factor
 Effective May 2007

Line		R-1 & R-2	G-50,51, 52	G-40,41,42	Non-Grandfathered Transp.	Total
No.	<u>Firm Sales Service</u>	<u>Residential</u>	<u>Low Winter Classes</u>	<u>High Winter Classes</u>		
1	Summer Demand Costs -	\$331,116	\$183,568	\$486,144	\$89,389	\$1,090,218
2	Forecasted Sales (MMBtu)	3,349,870	3,125,770	3,407,210	1,146,770	11,029,620
3	Unit Summer Demand Cost (Ln 1 divided by Ln 2) COGs-Demand	\$0.0988	\$0.0587	\$0.1427		\$0.0988
4	Summer Commodity Costs -	\$2,845,493	\$2,635,294	\$2,915,941	\$972,204	\$9,368,931
5	Hedging (Gain)/Losses	\$21,247	\$13,804	\$15,047	\$5,064	\$69,957
6	Total Commodity	\$2,866,740	\$2,649,098	\$2,930,988	\$977,268	\$9,438,888
5	Forecasted Sales (MMBtu) -	3,349,870	3,125,770	3,407,210	1,146,770	11,029,620
6	Unit Summer Commodity Cost (Ln 4 divided by Ln 5) COGs-Commodity	\$0.8558	\$0.8475	\$0.8602		\$0.8558
7	Indirect Gas Costs					-\$557,552
8	Forecasted Sales (MMBtu) -	3,349,870	3,125,770	3,407,210	1,146,770	11,029,620
9	Indirect Cost of Gas (Ln 7 divided by Ln 8) COGs-Indirect	(\$0.0506)	(\$0.0506)	(\$0.0506)		-\$0.0506
10	Total Cost of Gas (COGs)	\$0.9040	\$0.8556	\$0.9523		\$9,971,554

**NORTHERN UTILITIES, INC.
NEW HAMPSHIRE DIVISION
Forecasted May 2007 vs. 2006 Summer Period**

Residential Heating

Weighted Average

	<u>Summer 2006</u>	<u>Summer 2007</u>
Customer Charge	\$9.50	\$9.50
First 50 Therms	\$0.4102	\$0.4102
Excess 50 Therms	\$0.2990	\$0.2990
LDAC	\$0.0282	\$0.0261
CGA	<u>\$0.8774</u>	<u>\$0.9040</u>
Total Adjustment	<u>\$0.9056</u>	<u>\$0.9301</u>

	Summer 2006 CGA @ \$0.9056	Summer 2007 CGA @ \$0.9301	Total		Base Rate		CGA		LDAC	
			\$ Impact	% Impact						
			\$0.02	2%						
5	\$16.08	\$16.20	\$0.12	1%	(\$0.00)	0%	\$0.13	1%	(\$0.01)	0%
10	\$22.66	\$22.91	\$0.25	1%	\$0.01	0%	\$0.27	1%	(\$0.02)	0%
20	\$35.82	\$36.31	\$0.49	1%	\$0.00	0%	\$0.53	2%	(\$0.04)	0%
30	\$48.98	\$49.71	\$0.73	1%	(\$0.00)	0%	\$0.80	2%	(\$0.06)	0%
45	\$68.71	\$69.81	\$1.10	2%	(\$0.00)	0%	\$1.20	2%	(\$0.09)	0%
50	\$75.29	\$76.52	\$1.23	2%	\$0.01	0%	\$1.33	2%	(\$0.11)	0%
75	\$105.41	\$107.24	\$1.83	2%	(\$0.00)	0%	\$1.99	2%	(\$0.16)	0%
125	\$165.64	\$168.70	\$3.06	2%	\$0.00	0%	\$3.32	2%	(\$0.26)	0%
150	\$195.76	\$199.43	\$3.67	2%	\$0.00	0%	\$3.98	2%	(\$0.32)	0%
200	\$255.99	\$260.88	\$4.89	2%	(\$0.00)	0%	\$5.31	2%	(\$0.42)	0%

**NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
FORECASTED MAY 2007 vs. 2006 SUMMER PERIOD**

**Shows the effect of the Unit Cost of Gas & LDAC Rate Change
New Hampshire Division - Typical Residential Heating Bill**

12 MOS ENDED 10/2006	November							Winter	Summer						Total
	November	December	January	February	March	April	Nov-Apr	May	June	July	August	September	October	May-Oct	
Typical Usage:	109	150	187	188	166	132	932	90	55	30	30	42	71	318	1,250
Residential Heating															
Winter:															
Cust. Chg	\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.50	\$ 57.00							
First 50 therms @	\$ 0.4102	\$ 20.51	\$ 20.51	\$ 20.51	\$ 20.51	\$ 20.51	\$ 20.51	\$ 123.06							
Excess 50 therms @	\$ 0.2990	\$ 17.64	\$ 29.90	\$ 40.96	\$ 41.26	\$ 34.68	\$ 24.52	\$ 188.96							
Summer:															
Cust. Chg	\$ 9.50								\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.50	\$ 57.00	\$ 114.00
First 50 therms @	\$ 0.4102								\$ 20.51	\$ 20.51	\$ 12.31	\$ 12.31	\$ 17.23	\$ 20.51	\$ 103.38
Excess 50 therms @	\$ 0.2990								\$ 11.96	\$ 1.50	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6.28	\$ 19.74
Total Base Rate Amount	\$47.65	\$59.91	\$70.97	\$71.27	\$64.69	\$54.53	\$369.02	\$41.97	\$31.51	\$21.81	\$21.81	\$26.73	\$36.29	\$180.12	\$549.14
CGA Rates - (Seasonal)	\$1.2831	\$1.2831	\$1.2831	\$1.0907	\$1.0907	\$1.0907	\$1.1828	\$1.0104	\$0.8809	\$0.8809	\$0.8809	\$0.9538	\$1.1493	\$0.9871	\$1.1330
LDAC	\$0.0282	\$0.0282	\$0.0282	\$0.0282	\$0.0282	\$0.0282	\$0.0282	\$0.0282	\$0.0282						
Total CGA and LDAC Amount	\$142.93	\$196.70	\$245.21	\$210.35	\$185.74	\$147.69	\$1,128.62	\$93.47	\$50.00	\$27.27	\$27.27	\$41.24	\$83.60	\$322.85	\$1,451.47
Total Bill	\$190.58	\$256.61	\$316.18	\$281.62	\$250.43	\$202.22	\$1,497.64	\$135.44	\$81.51	\$49.08	\$49.08	\$67.97	\$119.89	\$502.97	\$2,000.61
12 MOS ENDED 10/2007															
Typical Usage:	109	150	187	188	166	132	932	90	55	30	30	42	71	318	1,250
Residential Heating															
Winter:															
Cust. Chg	\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.50	\$ 57.00							
First 50 therms @	\$ 0.4102	\$ 20.51	\$ 20.51	\$ 20.51	\$ 20.51	\$ 20.51	\$ 20.51	\$ 123.06							
Excess 50 therms @	\$ 0.2990	\$ 17.64	\$ 29.90	\$ 40.96	\$ 41.26	\$ 34.68	\$ 24.52	\$ 188.96							
Summer:															
Cust. Chg	\$ 9.50								\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.50	\$ 57.00	\$ 114.00
First 50 therms @	\$ 0.4102								\$ 20.51	\$ 20.51	\$ 12.31	\$ 12.31	\$ 17.23	\$ 20.51	\$ 103.38
Excess 50 therms @	\$ 0.2990								\$ 11.96	\$ 1.50	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6.28	\$ 19.74
Total Base Rate Amount	\$47.65	\$59.91	\$70.97	\$71.27	\$64.69	\$54.53	\$369.02	\$41.97	\$31.51	\$21.81	\$21.81	\$26.73	\$36.29	\$180.12	\$549.14
CGA Rates - (Seasonal)	\$1.2984	\$1.3259	\$1.1629	\$1.2859	\$1.5581	\$1.5581	\$1.3562	\$0.9040	\$1.2411						
LDAC	\$0.0261	\$0.0261	\$0.0261	\$0.0261	\$0.0261	\$0.0261	\$0.0261	\$0.0261	\$0.0261						
Total CGA and LDAC Amount	\$144.37	\$202.80	\$222.34	\$246.66	\$262.98	\$209.11	\$1,288.26	\$83.71	\$51.16	\$27.90	\$27.90	\$39.06	\$66.04	\$295.77	\$1,584.03
Total Bill	\$192.02	\$262.71	\$293.31	\$317.93	\$327.67	\$263.64	\$1,657.28	\$125.68	\$82.67	\$49.71	\$49.71	\$65.79	\$102.33	\$475.89	\$2,133.17
DIFFERENCE															
Total Bill	\$1.44	\$6.10	(\$22.87)	\$36.31	\$77.24	\$61.42	\$159.64	(\$9.76)	\$1.16	\$0.63	\$0.63	(\$2.18)	(\$17.56)	(\$27.08)	\$132.56
% Change							10.66%							-5.38%	6.03%