

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

DG 08-115

ORDER OF NOTICE

On September 15, 2008, Northern Utilities, Inc. (Northern), a public utility supplying natural gas service to approximately 26,000 customers in the seacoast region of New Hampshire, filed its cost of gas (COG) rates for the period November 1, 2008 through April 30, 2009, its local distribution adjustment clause (LDAC) charges and certain supplier charges for the period November 1, 2008 through October 31, 2009.

The proposed residential COG rate is \$1.3899 per therm, a \$0.2988 per therm increase over the weighted average residential COG rate of \$1.0911 per therm for last winter. The estimated impact of the proposed firm sales COG and revised LDAC rate on a typical residential heating customer's winter bill is an increase of approximately \$281, or 20%, compared to last winter's rates. The proposed commercial/industrial low winter use COG is \$1.2344 per therm and the proposed commercial/industrial high winter use COG is \$1.5040 per therm.

A variety of rates and charges comprise the LDAC charges applicable to the different customer classes. The proposed surcharge to recover expenses and lost revenues related to the residential low income assistance program (RLIAP) remains unchanged at \$0.0020 per therm. The proposed surcharge to recover the environmental remediation costs is \$0.0092 per therm, an increase of \$0.0040 per therm from the \$0.0052 per therm current environmental surcharge. The proposed conservation charge for residential customers is \$0.0113 per therm, a decrease of \$0.0009 per therm from the \$0.0122 per therm current rate. The proposed conservation charge

for commercial and industrial customers is \$0.0069 per therm, an increase of \$0.0003 per therm from the current rate.

Northern is also updating its supplier balancing charges, the charges that suppliers are required to pay Northern for balancing services as Northern attempts to meet the shifting loads for the suppliers' customer pools. The proposed balancing charge of \$0.75 per MMBtu of daily imbalance volumes is a decrease of \$0.05 per MMBtu from the current rate. In addition, the proposed peaking demand charge of \$16.82 per MMBtu of peak maximum daily quantity (MDQ) is a decrease of \$0.45 per MMBtu from the current rate. The changes are based on an update of the volumes and costs used in calculating the charges. In addition, the proposed capacity allocator percentages used to allocate pipeline, storage and local peaking capacity to a customer's supplier under New Hampshire's policy of mandatory capacity assignment, required for firm transportation service, have also been updated to reflect Northern's supply portfolio for the upcoming year. Finally, the proposed re-entry fee for capacity exempt (grandfathered) transportation customers that choose to revert back to firm sales service is \$5.336 per MMBtu, a decrease of \$0.236 per MMBtu from the current rate of \$5.572 per MMBtu.

The filing raises, inter alia, issues related to RSA 378 relative to the justness and reasonableness of rates, forecasting of sales, supplier prices and transportation prices, purchasing decisions related to the current and past winter supplies and capacity, revenue projections related to transportation services and released capacity, cost allocations between Northern's New Hampshire and Maine divisions, the causes and treatment of any over and under recoveries, the reconciliation of prior period costs and revenues including those related to a yet to be resolved metering error involving one of Northern's interstate pipeline interconnects, and the prudence of

environmental remediation costs for which recovery is being sought. Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, that a hearing be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on October 22, 2008 at 10:00 a.m.; and it is

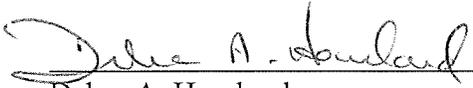
FURTHER ORDERED, that Northern, the Staff of the Commission and any Intervenors hold a Technical Session at the Commission on October 6, 2008 at 10:00 a.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, Northern shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than September 25, 2008, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before October 22, 2008; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Northern and the Office of the Consumer Advocate on or before October 17, 2008, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before October 22, 2008.

By order of the Public Utilities Commission of New Hampshire this seventeenth day of
September, 2008.


Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

