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October 21, 2016

VIA OVERNIGHT MAIL

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit St., Suite 10
Concord, NH 03302

Re: Northern Utilities, Inc., Petition for Approval of Third
Amendment to Special Contract with National Gypsum, Docket
No. DG 11-231

Dear Director Howland:

On December 22, 2011, the Commission in Order No. 25,306 approved Northern Utilities, Inc.'s ("the Company") Petition for Approval of Third Amendment to Special Contract with National Gypsum. The amendment extended the special contract for an additional five years, until November 30, 2016, with provision for up to three one-year automatic extensions beyond November 2016. In its approval order, the Commission required the Company to file an update of the special contract rate and marginal cost analysis seven months prior to the commencement of the first of the three annual self-executing special contract extensions, or no later than April 30, 2016.

Recently, while preparing to automatically extend the special contract for one year with National Gypsum, the Company discovered that it inadvertently missed the Commission's deadline for filing an update of the special contract rate and marginal cost analysis. The Company now corrects that oversight by submitting the enclosed information in advance of the first of the three annual self-executing special contract extensions.

Confidential Attachment 1 shows the special contract rate (Monthly Customer Charge and Volumetric Rate) updated by an estimate¹ that reflects the terms of the existing contract. Also, the annual revenue payments made by National Gypsum to the Company are updated.

Confidential Attachment 2 is an update of the annualized long-run marginal cost based on the marginal cost study submitted in the Company's last base rate case

¹ The special contract rate is based on a price index not published until early November. In this filing, the Company has estimated the index based on price data through August.

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proceeding, Docket No. DG 13-86. As shown on this attachment, National Gypsum's revenue payments (i.e., marginal revenue) are above marginal cost.

Confidential Attachment 3 reflects marginal cost data from the marginal cost study submitted in Docket No. DG 13-86 escalated to November 2016 price levels and used in Confidential Attachment 2.

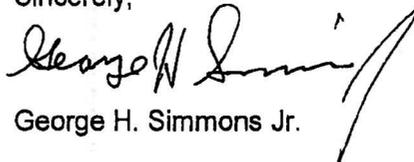
Attachment 4 includes specific data from the marginal cost study submitted in Docket No. DG 13-86.

Confidential Attachment 5 is a copy of the existing contract as approved by the Commission in DG 11-231.

The Company submitted a Motion for Protective Order and Confidential Treatment pursuant to RSA 91-A:5 and N.H. Admin. Rule Puc 203.08(b) in connection with information included in its initial filing, and in response to Staff's data requests, which concerns pricing and cost information, customer-specific marginal cost information, and financial analyses relating to National Gypsum's gas usage and fuel supply alternatives. The Commission granted the Company's motion in its order dated December 22, 2011 (Order No. 25,306). The Company's confidential attachments enclosed with this filing fall into the same confidential categories and in fact update information for which confidential treatment has already been granted. As such, the Company requests that the Commission extend the protections of Order No. 25,306 to the enclosed confidential attachments.

If you have any questions regarding this filing or need additional information, please feel free to call.

Sincerely,



George H. Simmons Jr.

Cc: Service List (Electronic)