



DG 12-265  
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**CONFIDENTIAL  
MATERIAL  
IN COMM FILE**

July 29, 2013

**Via Electronic Mail and U.S. Mail**

Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, NH 03301-2429

**Re: DG 12-265: EnergyNorth Natural Gas, Inc.  
2012/2013 Winter Cost of Gas Reconciliation**

Dear Ms. Howland:

On behalf of EnergyNorth Natural Gas, Inc. d/b/a Liberty Utilities (the "Company"), enclosed for filing please find one redacted and seven confidential copies of the 2012/2013 Winter Period Cost of Gas reconciliation. This reconciliation compares the actual deferred gas costs to the projections submitted in the Company's 2012/2013 Winter Period Cost of Gas Filing submitted to the Commission on August 31, 2012.

Certain pages included in this filing contain confidential information, specifically, the Company's costs associated with the summary of supply and demand forecast, contracts ranked on a per-unit cost basis, adjustments to gas costs, details of demand costs per unit, details of demand rates per unit, details of commodity costs per unit and hedged contracts (including pricing terms). The Company requests confidential treatment of these materials pursuant to 201.06(a)(26) and will rely upon the procedures outlined in Puc 201.06 and 201.07 to protect confidentiality.

The filing shows an under collection for the 2012/2013 Winter Period of \$5,118,679 summarized as follows:

|  |    |                  |
|--|----|------------------|
| Winter Period Beginning Balance              | \$ | 1,606,569        |
| Prior Period Adjustment and Interest         |    | (5,207)          |
| Less: Cost of Gas Revenue Billed             |    | (54,386,799)     |
| Add: Cost of Gas Allowable 5/1/12 – 10/31/12 |    | 1,917,025        |
| Add: Cost of Gas Allowable 11/1/12 – 4/30/13 |    | 55,987,091       |
| Winter Period Ending Balance                 | \$ | <u>5,118,679</u> |

The filing consists of a six-page summary and nine supporting schedules.

Summary:

- Page 1 compares the actual deferred gas costs to the projections submitted in the Company's filing including the beginning balance, prior period adjustments, interest, allowable gas costs and gas cost revenue. The result is a net under collection of \$5,118,679;
- Page 2 compares the actual allowed Bad Debt and Working Capital costs to the filed projection submitted in the Company's filing resulting in an under collection of \$50,788 and \$11,247, respectively, for a net under collection for all gas accounts of \$5,180,715.
- Page 3 compares the actual demand charges of \$9,345,811 to the \$10,538,955 in demand charges estimated in the filing, resulting in an decrease in demand costs of \$1,193,144;
- Page 4 shows a similar comparison for commodity costs. The actual commodity costs were \$48,924,110 compared to the \$37,985,377 that was forecasted in the filing. The \$10,938,733 increase in commodity costs was the direct result of sharp increases in gas prices in Tennessee's Zone 6 market area where the Company purchases a sizeable amount of its natural gas supplies. The price run up was attributable to a combination of increased demand from utilities and gas fired generators and a commensurate increase in supply. This supply restriction was caused in part by a reduction of LNG imports and a continued lack of new pipeline infrastructure needed to bring incremental shale gas supplies into New England. The results show that the total actual gas costs, demand and commodity were \$9,745,589 higher than forecasted in the filing;
- Page 5 provides a variance analysis that explains how much of the difference between actual costs and forecasted costs is due to weather (\$445,424), how much is due to a demand variance, net of weather (\$958,152) and how much is due to a rate variance \$11,149,166;
- Page 6 shows the calculation of the actual transportation cost of gas and related revenue compared to the filing;

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Schedules:

- Schedule 1 provides a monthly summary of the deferred gas cost account balances including beginning balances, actual gas cost allowable, gas cost collections, interest applied, and ending balances;
- Schedule 1A provides the same information for bad debts associated with the cost of gas;
- Schedules 2A and 2B provide the details of gas cost by source;
- Schedule 3 provides the detailed calculation of winter gas cost revenue billed by rate class;
- Schedule 3A provides a breakdown of the calculation of unbilled gas costs;
- Schedule 4 provides a monthly summary of the non-firm margin and capacity release credits to the winter cost of gas account;
- Schedule 5 provides the monthly summary of the deferred gas cost balances associated with gas working capital and shows the monthly beginning account balances, working capital allowable, the working capital revenue billed and the interest applied to derive the monthly ending balances;

- Schedule 6 shows the bad debt and working capital calculation that determines the amount of expense booked for those items;
- Schedule 7 provides the backup calculations for the revenue billed to recover working capital and bad debt by rate class;
- Schedule 8 provides a summary of the commodity costs and the related volumes; and
- Schedule 9 provides a summary of the monthly prime interest rates used to calculate the interest on the deferred balances.

Thank you for your assistance in this matter. Please do not hesitate to call if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "MAURICE G. MASON" with "FOR" written below it.

ChristiAne G. Mason

Enclosures

cc: Service List