



May 24, 2018

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

Re: Northern Utilities, Inc., New Hampshire Division - Docket DG 17-144
May 2018 Monthly Cost of Gas Report

Dear Director Howland:

Pursuant to Commission Order No. 26,068 in Docket DG 17-144, enclosed is Northern Utilities - New Hampshire Division's ("Northern" or the "Company") latest calculation of its projected end-of-period over-/under-collection of gas costs for the 2017/2018 Summer Period as well as for the 2017/2018 Annual Period.

Northern's calculation of the projected imbalance between gas costs and revenue has been updated to reflect actual costs and revenues from November 2017 through April 2018, and NYMEX gas futures prices reported on May 18, 2018. The calculation indicates a change in Cost of Gas rates is not required at this time. Support for this decision is provided in the attached summary and tables.

Typically, in its Monthly Cost of Gas Reports, the Company provides a summary of its hedging activity and monthly inventory interest calculations. However, effective May 1, 2018, Northern terminated its hedging program and all prior hedges have expired. Thus, a hedging activity summary is no longer required. Further, effective April 1, 2018, the Company replaced its Washington 10 storage contract with a Union Gas storage service. Under the terms of the new service agreement, Northern will not incur monthly interest or carrying charges on inventory. With the Company's remaining storage contracts representing about 6% of Northern's total inventory, monthly interest charges have become a small and insignificant cost (for example, the April 2018 expense is about \$150). Accordingly, the Company finds that reporting monthly inventory interest calculations is of minimal use and is no longer required. The Company will continue to include the remaining monthly inventory interest expense in its annual Cost of Gas reconciliation.

If you have any questions regarding this filing, please do not hesitate to contact me or Chris Kahl at (603)773-6425.

Very truly yours,

A handwritten signature in black ink, appearing to read "George H. Simmons Jr.", written over a horizontal line.

George H. Simmons Jr.

George H. Simmons
Manager Regulatory Services

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Enclosures

cc: Alex Speidel, Staff Counsel
D. Maurice Kreis, Consumer Advocate

New Hampshire Monthly Cost of Gas Report

Summer Period

May 2018 Summary

The objective of the Summer Period Monthly Cost of Gas (“COG”) analysis is to determine if COG rates need to be adjusted in order to minimize the October 31, 2018 expected end of year balance. This is done by determining if the October 31, 2018 Summer Season balance exceeds the threshold for a rate change and, if exceeded, the rate change would lower the expected end of year balance.

As shown on Table 1, Line 24, the projected end of Summer Period balance is an over-collection of (\$100,894). This balance is below the 4% Summer Period threshold (Line 36) for requiring a change in COG rates. Therefore, no COG rate changes are proposed at this time. In addition, the expected over-collection helps offset the Winter Period under-collection of \$715,341 (Line 26) thereby reducing the projected end of year balance to \$614,127 (Line 28).

Support for the projected end of Summer Period and end of year balances is provided in Table 2.

NORTHERN UTILITIES, INC.
NEW HAMPSHIRE DIVISION
Calculation of the Projected Over or Under Collection of the
Summer 2017-2018 Period Cost of Gas
DG 17-144
May 2018 Estimated

1	Target under/(over) collection as of 05/01/18	(\$2,708,745)	Table 2, PG. 3, Line 99
2			
3	Forecasted firm therm sales 05/01/2018 - 10/31/2018		
4	Residential Heat & Non Heat	3,398,435	Table 2, PG. 2, Line 2
5	HLF Classes	1,757,926	Table 2, PG. 2, Line 3
6	LLF Classes	2,713,210	Table 2, PG. 2, Line 4
7			
8	Current recovery rate per therm		
9	Residential heat & non heat	\$0.3975	Table 2, PG. 1, Line 7
10	HLF classes	\$0.3543	Table 2, PG. 1, Line 8
11	LLF classes	\$0.4254	Table 2, PG. 1, Line 9
12			
13	Total	\$ (3,127,910)	(LN 4 * Ln 9) + (LN 5 * LN 10) + (LN 6 * LN 11)
14			
15	Forecasted recovered costs at current rates 05/01/2018 - 10/31/2018	\$ (3,127,910)	LN 13
16	Actual Recovered Costs	\$ -	
17	Estimated total recovered costs 11/01/17 - 04/30/18	\$ (3,127,910)	LN 15 + LN 16
18			
19	Revised projected direct gas costs 11/01/17 - 04/30/18 [1]	\$ 5,465,422	Table 2, PG. 2, Line 71
20	Revised projected indirect gas costs 11/01/17 - 04/30/18 [2]	\$ 270,340	Table 2, PG. 4, Line 101
21			
22	Total Projected Summer Period Gas Costs	\$ 5,735,762	LN 19 + LN 20
23			
24	Projected October 31, 2018 Summer Season Balance	(\$100,894)	LN 1 + Ln 17 + LN 19 + LN 20
25			
26	Winter Season Variance (under-collection)	\$ 715,020	Table 2, PG 3, LN 111
27			
28	Projected October 31, 2018 End of Year Balance	\$ 614,127	LN 24 +LN 26
29			
30	Projected October 31, 2018 Summer Season Balance	\$ (100,894)	LN 24
31			
32	Projected Summer Period Imbalance Type	Over-collection	
33			
34	Projected Summer Period Imbalance %`	-1.76%	LN 24 / LN 22
35			
36	4% Summer Season Over-collection Threshold	\$ (229,430)	LN 22 * 4%
37			
38	Total Annual Under-collection Threshold	\$ 944,451	LN 26 + LN 36*-1
39			
40	Rate Adjustment Required	No	IF (ABS) LN 30< (ABS) LN 36, No ELSE Yes

NOTES

[1] Reflects futures prices as of May 18, 2018

[2] Includes: Working Capital Allowance, Bad Debt Allowance, Production and Storage Capacity, Miscellaneous Overhead, and Interest

Northern Utilities
NEW HAMPSHIRE (Over) / Undercollection Analysis, Balances and Interest Calculation

		Winter						Summer					
Sales Revenues								(Forecast)	(Forecast)	(Forecast)	(Forecast)	(Forecast)	(Forecast)
Volumes	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Residential Heat & Non Heat								702,997	482,427	419,957	422,211	443,199	927,645
Sales HLF Classes								363,643	249,548	217,233	218,399	229,256	479,847
Sales LLF Classes								561,252	385,156	335,281	337,080	353,837	740,604
Total								1,627,891	1,117,130	972,471	977,690	1,026,291	2,148,096
Rates													
Residential Heat & Non Heat CGA								\$0.3975	\$0.3975	\$0.3975	\$0.3975	\$0.3975	\$0.3975
Sales HLF Classes CGA								\$0.3543	\$0.3543	\$0.3543	\$0.3543	\$0.3543	\$0.3543
Sales LLF Classes CGA								\$0.4254	\$0.4254	\$0.4254	\$0.4254	\$0.4254	\$0.4254
Revenues													
Residential Heat & Non Heat								\$ (279,441)	\$ (191,765)	\$ (166,933)	\$ (167,829)	\$ (176,172)	\$ (368,739)
Sales HLF Classes								\$ (128,839)	\$ (88,415)	\$ (76,966)	\$ (77,379)	\$ (81,225)	\$ (170,010)
Sales LLF Classes							\$ -	\$ (238,756)	\$ (163,845)	\$ (142,629)	\$ (143,394)	\$ (150,522)	\$ (315,053)
Total Sales		\$ (1,965,771)	\$ (5,152,151)	\$ (6,668,252)	\$ (4,898,752)	\$ (5,053,884)	\$ (2,990,600)	\$ (647,036)	\$ (444,025)	\$ (386,527)	\$ (388,601)	\$ (407,919)	\$ (853,802)
		Winter						Summer					
Gas Costs and Credits								(Forecast)	(Forecast)	(Forecast)	(Forecast)	(Forecast)	(Forecast)
	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Net Demand Costs (Net of Injection Fees & Cap. Assign.)													
Pipeline								\$ 278,965	\$ 278,965	\$ 278,965	\$ 278,965	\$ 278,020	\$ 278,020
Storage								\$ 443,264	\$ 410,369	\$ 410,369	\$ 410,369	\$ 410,369	\$ 410,369
Peaking								\$ 42,108	\$ 42,108	\$ 42,108	\$ 42,108	\$ 42,108	\$ 42,108
Total Demand Costs								\$ 764,337	\$ 731,442	\$ 731,442	\$ 731,442	\$ 730,497	\$ 730,497
Asset Management and Capacity Release													
NUI AMA Revenue								\$ (394,079)	\$ (394,079)	\$ (394,079)	\$ (394,079)	\$ (394,079)	\$ (394,079)
NUI Capacity Release								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NUI AMA Rev & Cap. Release Subtotal								\$ (394,079)	\$ (394,079)	\$ (394,079)	\$ (394,079)	\$ (394,079)	\$ (394,079)
NH AMA Revenue								\$ (175,799)	\$ (175,799)	\$ (175,799)	\$ (175,799)	\$ (175,799)	\$ (175,799)
NH Capacity Release								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NH Total Asset Management and Capacity Release								\$ (175,799)	\$ (175,799)	\$ (175,799)	\$ (175,799)	\$ (175,799)	\$ (175,799)
PNGTS Refund								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Demand Costs		\$ 749,069	\$ 854,867	\$ 927,541	\$ 1,087,774	\$ 969,649	\$ 667,322	\$ 588,539	\$ 555,644	\$ 555,644	\$ 555,644	\$ 554,698	\$ 554,698
NUI Commodity Costs													
NUI Total Pipeline Volumes							883,856	474,732	321,807	282,899	284,126	306,404	614,624
Pipeline Costs Modeled in Sendout™							\$ 2,395,366	\$ 1,273,432	\$ 862,289	\$ 761,921	\$ 763,018	\$ 800,369	\$ 1,648,370
NYMEX Price Used for Forecast							\$ 2,7890	\$ 2,8900	\$ 2,9200	\$ 2,9400	\$ 2,9500	\$ 2,9200	\$ 2,9400
NYMEX Price Used for Update							\$ 2,6900	\$ 2,8210	\$ 2,8470	\$ 2,8790	\$ 2,8930	\$ 2,8750	\$ 2,8820
Increase/(Decrease) NYMEX Price							\$ (0.10)	\$ (0.07)	\$ (0.07)	\$ (0.06)	\$ (0.06)	\$ (0.04)	\$ (0.06)
Increase/(Decrease) in Pipeline Costs							\$ (87,502)	\$ (32,756)	\$ (23,492)	\$ (17,257)	\$ (16,195)	\$ (13,788)	\$ (35,648)
Updated Pipeline Costs							\$ 2,307,864	\$ 1,240,675	\$ 838,797	\$ 744,665	\$ 746,823	\$ 786,581	\$ 1,612,721
Interruptible Volumes - NH							0	0	0	0	0	0	0
Average Supply Cost (\$/MMBtu)							\$ 2.61	\$ 2.61	\$ 2.61	\$ 2.63	\$ 2.63	\$ 2.57	\$ 2.62
Interruptible Cost - NH							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Updated Pipeline Costs							\$ 2,307,864	\$ 1,240,675	\$ 838,797	\$ 744,665	\$ 746,823	\$ 786,581	\$ 1,612,721
New Hampshire Allocated Percentage							36.46%	34.56%	34.92%	34.54%	34.57%	33.68%	35.26%
NH Updated Pipeline Costs							\$ 841,529	\$ 428,797	\$ 292,898	\$ 257,190	\$ 258,210	\$ 264,928	\$ 568,694
Hedging (Gain)/Loss Estimate													
NYMEX Options Contracts													
Hedging Expenses													
NYMEX Option Strike Price													
NYMEX Price Used for Forecast													
Strike Price Hit													
Option Hedging Gain (Credit)													
Tota Northern Hedging Net Cost													
New Hampshire Allocated Percentage													
NH Futures Hedging Net Cost								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NH Commodity Costs													
Pipeline Excl Hedging							\$ 841,529	\$ 428,797	\$ 292,898	\$ 257,190	\$ 258,210	\$ 264,928	\$ 568,694
Hedging (Gain)/Loss Estimate							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Storage							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Peaking							\$ 5,018	\$ 5,039	\$ 4,917	\$ 5,026	\$ 5,031	\$ 4,719	\$ 5,105
Total Commodity Costs		\$ 1,131,186	\$ 3,765,770	\$ 5,871,853	\$ 3,550,135	\$ 2,617,328	\$ 1,247,555	\$ 433,836	\$ 297,816	\$ 262,216	\$ 263,241	\$ 269,648	\$ 573,799
Inventory Finance Charge								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Anticipated Direct Cost of Gas		\$ 1,880,254	\$ 4,620,637	\$ 6,799,393	\$ 4,637,909	\$ 3,586,977	\$ 1,914,878	\$ 1,022,375	\$ 853,459	\$ 817,859	\$ 818,885	\$ 824,346	\$ 1,128,497

Northern Utilities

NEW HAMPSHIRE (Over) / Undercollection Analysis, Balances & Interest Calculation

	Sales Revenues			
1	Volumes	Winter	Summer	Prior Period
2	Residential Heat & Non Heat	-	3,398,435	
3	Sales HLF Classes	-	1,757,926	
4	Sales LLF Classes	-	2,713,210	
5	Total	-	7,869,571	
6	Rates	-	-	
7	Residential Heat & Non Heat CGA			
8	Sales HLF Classes CGA			
9	Sales LLF Classes CGA			
10	Revenues			
11	Residential Heat & Non Heat	-	(1,350,878)	
12	Sales HLF Classes	-	(622,833)	
13	Sales LLF Classes	-	(1,154,199)	
14	Total Sales	(26,729,410)	(3,127,910)	
15				
16				
17	Gas Costs and Credits			
18		Winter	Summer	Total
19	Net Demand Costs (Net of Injection Fees & Cap. As			
20	Pipeline	-	1,671,899	
21	Storage	-	2,495,109	
22	Peaking	-	252,650	
23	Total Demand Costs	-	4,419,659	
24				
25	Asset Management and Capacity Release			
26	NUI AMA Revenue	-	(2,364,475)	\$ (2,364,475)
27	NUI Capacity Release	-	-	\$ -
28	NUI AMA Rev & Cap. Release Subtotal	-	(2,364,475)	\$ (2,364,475)
29	NH AMA Revenue	-	(1,054,792)	\$ (1,054,792)
30	NH Capacity Release	-	-	\$ -
31	NH Total Asset Management and Capacity Release	\$ -	\$ (1,054,792)	\$ (1,054,792)
32				
33	PNGTS Refund	\$ (1,387,970)	\$ -	\$ -
34				
35	Net Demand Costs	\$ (1,387,970)	\$ 3,364,866	\$ 3,364,866
36				
37	NUI Commodity Costs			
38	NUI Total Pipeline Volumes			3,168,447
39	Pipeline Costs Modeled in Sendout™			\$ 8,504,765
40	NYMEX Price Used for Forecast			
41	NYMEX Price Used for Update			
42	Increase/(Decrease) NYMEX Price			
43	Increase/(Decrease) in Pipeline Costs			
44	Updated Pipeline Costs			
45	Interruptible Volumes - NH			
46	Average Supply Cost (\$/MMBtu)			
47	Interruptible Cost - NH			
48	Total Updated Pipeline Costs			
49	New Hampshire Allocated Percentage			
50	NH Updated Pipeline Costs			\$ 2,912,246
51	Hedging (Gain)/Loss Estimate			
52	NYMEX Options Contracts			
55	Hedging Expenses			
56	NYMEX Option Strike Price			
57	NYMEX Price Used for Forecast			
58	Strike Price Hit			
59	Option Hedging Gain (Credit)			
60	Tota Northern Hedging Net Cost			\$ -
61	<u>New Hampshire Allocated Percentage</u>			
62	NH Futures Hedging Net Cost	\$ -	\$ -	\$ -
63	NH Commodity Costs			
64	Pipeline Excl Hedging	\$ 841,529	\$ 2,070,718	\$ 2,912,246
65	Hedging (Gain)/Loss Estimate	\$ -	\$ -	\$ -
66	Storage	\$ -	\$ -	\$ -
67	Peaking	\$ 5,018	\$ 29,837	\$ 34,855
68	Total Commodity Costs	\$ 18,183,827	\$ 2,100,555	\$ 20,284,382
69	Inventory Finance Charge	\$ -	\$ -	\$ -
70				
71	Total Anticipated Direct Cost of Gas	\$ 23,440,048	\$ 5,465,422	\$ 28,905,470

Northern Utilities

NEW HAMPSHIRE (Over) / Undercollection Analysis, Balances & Interest Calculation

	Winter	Summer	Prior Period	Total
Working Capital				
Total Anticipated Direct Cost of Gas				\$ 29,744,390
Working Capital Percentage				
Working Capital Allowance	\$ 26,279	\$ 6,231	\$ 3,429	\$ 35,938
Beginning Period Working Capital Balance				
End of Period Working Capital Allowance				
Interest				\$ 1,121
End of period with Interest				
Bad Debt				
Projected Bad Debt	\$ 184,403	\$ 11,146	\$ 13,172	\$ 208,721
Beginning Period Bad Debt Balance				
End of Period Bad Debt Balance				
Interest				\$ 4,275
End of Period Bad Debt Balance with Interest				
Local Production and Storage Capacity	\$ 420,658	\$ -		\$ 420,658
Miscellaneous Overhead	\$ 418,262	\$ 94,406	\$ -	\$ 512,668
Gas Cost Other than Bad Debt and Working Capital				
Beginning Balance Over/Under Collection				\$ (6,272,080)
Net Costs - Revenues				\$ (18,525)
Ending Balance before Interest				\$ (6,290,604)
Average Balance				\$ (6,281,342)
Interest Rate				
Interest Expense				\$ (23,656)
Ending Balance Incl Interest Expense				
Total Over/Under Collection Ending Balance				
Total Indirect Cost of Gas	\$ 924,753	\$ 270,340	\$ 370,884	\$ 1,565,978
Total Cost of Gas	\$ 24,364,801	\$ 5,735,762	\$ 370,884	\$ 30,471,447
Total Interest	\$ (3,561)	\$ (14,699)		\$ (18,260)