Unitil

June 22, 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
June 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 revenues has been updated to reflect actual costs and revenues from November 2017 through May 2018, and NYMEX gas futures prices reported on June 20, 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.

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,

George H. Simmons Jr.

Enclosures

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

George H. Simmons
Manager Regulatory Services

6 Liberty Lane West
Hampton, NH 03842

Phone: 603-773-6534
Fax: 603-773-6734

simmons@unitil.com

New Hampshire Monthly Cost of Gas Report

Summer Period

June 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 ($89,175). This balance is below the 4% Summer Period over-collection 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 $785,511 (Line 26) thereby reducing the projected end of year balance to $696,337 (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
June 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 06/01/2018 - 10/31/2018			
4	Residential Heat & Non Heat	2,695,438		Table 2, PG. 2, Line 2
5	HLF Classes	1,394,283		Table 2, PG. 2, Line 3
6	LLF Classes	2,151,958		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	$ (2,480,874)		(LN 4 * Ln 9) + (LN 5 * LN 10) + (LN 6 * LN 11)
14				
15	Forecasted recovered costs at current rates 06/01/2018 - 10/31/2018		$ (2,480,874)	LN 13
16	Actual recovered costs at current rates 05/01/2018 - 05/31/2018		$ (774,739)	
17	Estimated total recovered costs 05/01/18 - 10/31/18		$ (3,255,614)	LN 15 + LN 16
18				
19	Revised projected direct gas costs 05/01/18 - 10/31/18 *[1]*		$ 5,613,867	Table 2, PG. 2, Line 71
20	Revised projected indirect gas costs 05/01/18 - 10/31/18 *[2]*		$ 261,317	Table 2, PG. 4, Line 101
21				
22	Total Projected Summer Period Gas Costs		$ 5,875,184	LN 19 + LN 20
23				
24	Projected October 31, 2018 Summer Season Balance		($89,175)	LN 1 + Ln 17 + LN 19 + LN 20
25				
26	Winter Season Variance (under-collection)		$ 785,511	Table 2, PG 3, LN 111
27				
28	Projected October 31, 2018 End of Year Balance		$ 696,337	LN 24 +LN 26
29				
30	Projected October 31, 2018 Summer Season Balance		$ (89,175)	LN 24
31				
32	Projected Summer Period Imbalance Type		Over-collection	
33				
34	Projected Summer Period Imbalance %`		-1.52%	LN 24 / LN 22
35				
36	Summer Season Over-collection Threshold (4% of Projected Costs)		$ (235,007)	(LN 22 * 4%)*-1
37				
38	Summer Season Under-collection Threshold (4% plus Winter Balance)		$ 1,020,518	LN 26 + LN 36*-1
39				
40	Over-collection Rate Adjusment Required		No	IF (ABS) LN 30< (ABS) LN 36, No ELSE Yes
41				
42	Under-collection Rate Adjusment Required		No	IF (ABS) LN 30< (ABS) LN 38, No ELSE Yes

NOTES

[1] Reflects futures prices as of May 20, 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)
1	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
2	Residential Heat & Non Heat									482,427	419,957	422,211	443,199	927,645
3	Sales HLF Classes									249,548	217,233	218,399	229,256	479,847
4	Sales LLF Classes									385,156	335,281	337,080	353,837	740,604
5	Total									1,117,130	972,471	977,690	1,026,291	2,148,096
6	Rates													
7	Residential Heat & Non Heat CGA									$0.3975	$0.3975	$0.3975	$0.3975	$0.3975
8	Sales HLF Classes CGA									$0.3543	$0.3543	$0.3543	$0.3543	$0.3543
9	Sales LLF Classes CGA									$0.4254	$0.4254	$0.4254	$0.4254	$0.4254
10	Revenues													
11	Residential Heat & Non Heat									$ (191,765)	$ (166,933)	$ (167,829)	$ (176,172)	$ (368,739)
12	Sales HLF Classes									$ (88,415)	$ (76,966)	$ (77,379)	$ (81,225)	$ (170,010)
13	Sales LLF Classes							$ -		$ (163,845)	$ (142,629)	$ (143,394)	$ (150,522)	$ (315,053)
14	Total Sales		$ (1,965,771)	$ (5,152,151)	$ (6,668,252)	$ (4,898,752)	$ (5,053,884)	$ (2,990,600)	$ (774,739)	$ (444,025)	$ (386,527)	$ (388,601)	$ (407,919)	$ (853,802)
15														
16			Winter						Summer					
17	**Gas Costs and Credits**									(Forecast)	(Forecast)	(Forecast)	(Forecast)	(Forecast)
18		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
19	Net Demand Costs (Net of Injection Fees & Cap. Assign.)													
20	Pipeline									$ 278,965	$ 278,965	$ 278,965	$ 278,020	$ 278,020
21	Storage									$ 410,369	$ 410,369	$ 410,369	$ 410,369	$ 410,369
22	Peaking									$ 42,108	$ 42,108	$ 42,108	$ 42,108	$ 42,108
23	Total Demand Costs							$ 667,322	$ 730,457	$ 731,442	$ 731,442	$ 731,442	$ 730,497	$ 730,497
24														
25	Asset Management and Capacity Release													
26	NUI AMA Revenue									$ (394,079)	$ (394,079)	$ (394,079)	$ (394,079)	$ (394,079)
27	NUI Capacity Release									$ -	$ -	$ -	$ -	$ -
28	NUI AMA Rev & Cap. Release Subtotal									$ (394,079)	$ (394,079)	$ (394,079)	$ (394,079)	$ (394,079)
29	NH AMA Revenue									$ (175,799)	$ (175,799)	$ (175,799)	$ (175,799)	$ (175,799)
30	NH Capacity Release									$ -	$ -	$ -	$ -	$ -
31	NH Total Asset Management and Capacity Release									$ (175,799)	$ (175,799)	$ (175,799)	$ (175,799)	$ (175,799)
32														
33	PNGTS Refund									$ -	$ -	$ -	$ -	$ -
34														
35	Net Demand Costs		$ 749,069	$ 854,867	$ 927,541	$ 1,087,774	$ 969,649	$ 667,322	$ 730,457	$ 555,644	$ 555,644	$ 555,644	$ 554,698	$ 554,698
36														
37	NUI Commodity Costs													
38	NUI Total Pipeline Volumes									321,807	282,899	284,126	306,404	614,624
39	Pipeline Costs Modeled in Sendout™									$ 862,289	$ 761,921	$ 763,018	$ 800,369	$ 1,648,370
40	NYMEX Price Used for Forecast									$ 2.9200	$ 2.9400	$ 2.9500	$ 2.9200	$ 2.9400
41	NYMEX Price Used for Update									$ 2.8750	$ 2.9640	$ 2.9650	$ 2.9440	$ 2.9510
42	Increase/(Decrease) NYMEX Price									$ (0.04)	$ 0.02	$ 0.01	$ 0.02	$ 0.01
43	Increase/(Decrease) in Pipeline Costs									$ (14,481)	$ 6,790	$ 4,262	$ 7,354	$ 6,761
44	Updated Pipeline Costs									$ 847,807	$ 768,711	$ 767,280	$ 807,723	$ 1,655,130
45	Interruptible Volumes - NH									0	0	0	0	0
46	Average Supply Cost ($/MMBtu)									$ 2.63	$ 2.72	$ 2.70	$ 2.64	$ 2.69
47	Interruptible Cost - NH									$ -	$ -	$ -	$ -	$ -
48	Total Updated Pipeline Costs									$ 847,807	$ 768,711	$ 767,280	$ 807,723	$ 1,655,130
49	New Hampshire Allocated Percentage									34.92%	34.54%	34.57%	33.68%	35.26%
50	NH Updated Pipeline Costs									$ 296,045	$ 265,495	$ 265,283	$ 272,049	$ 583,649
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 Hedginf Net Cost													
61	New Hampshire Allocated Percentage													
62	NH Futures Hedging Net Cost									$ -	$ -	$ -	$ -	$ -
63	NH Commodity Costs													
64	Pipeline Excl Hedging									$ 296,045	$ 265,495	$ 265,283	$ 272,049	$ 583,649
65	Hedging (Gain)/Loss Estimate									$ -	$ -	$ -	$ -	$ -
66	Storage									$ -	$ -	$ -	$ -	$ -
67	Peaking									$ 4,917	$ 5,026	$ 5,031	$ 4,719	$ 5,105
68	Total Commodity Costs		$ 1,131,186	$ 3,765,770	$ 5,871,853	$ 3,550,135	$ 2,617,328	$ 1,247,555	$ 399,763	$ 300,962	$ 270,521	$ 270,314	$ 276,769	$ 588,754
69	Inventory Finance Charge								$ -	$ -	$ -	$ -	$ -	$ -
70														
71	**Total Anticipated Direct Cost of Gas**		$ 1,880,254	$ 4,620,637	$ 6,799,393	$ 4,637,909	$ 3,586,977	$ 1,914,878	$ 1,130,221	$ 856,606	$ 826,164	$ 825,957	$ 831,467	$ 1,143,452

Northern Utilities
NEW HAMPSHIRE (Over) / Undercollectior Analysis, Balances & Interest Calculation

	Sales Revenues	`		Prior	
1	Volumes	Winter	Summer	Period	Total
2	Residential Heat & Non Heat	-	2,695,438		2,695,438
3	Sales HLF Classes	-	1,394,283		1,394,283
4	Sales LLF Classes	-	2,151,958		2,151,958
5	Total	-	6,241,680		6,241,680
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	-	(1,071,437)		(1,071,437)
12	Sales HLF Classes	-	(493,994)		(493,994)
13	Sales LLF Classes	-	(915,443)		(915,443)
14	Total Sales	(26,729,410)	(3,255,614)		(29,985,023)
15					
16					
17	**Gas Costs and Credits**	`			
18		Winter	Summer		Total
19	Net Demand Costs (Net of Injection Fees & Cap. As				
20	Pipeline	-	1,392,934		1,392,934
21	Storage	-	2,051,845		2,051,845
22	Peaking	-	210,542		210,542
23	Total Demand Costs	667,322	4,385,779		5,053,101
24					
25	Asset Management and Capacity Release				
26	NUI AMA Revenue	-	(1,970,395)		$ (1,970,395)
27	NUI Capacity Release	-	-		$ -
28	NUI AMA Rev & Cap. Release Subtotal	-	(1,970,395)		$ (1,970,395)
29	NH AMA Revenue	-	(878,993)		$ (878,993)
30	NH Capacity Release	-	-		$ -
31	NH Total Asset Management and Capacity Release	$ -	$ (878,993)		$ (878,993)
32					
33	PNGTS Refund	$ (1,387,970)	$ -		$ -
34					
35	Net Demand Costs	$ (720,648)	$ 3,506,785		$ 4,174,108
36					
37	NUI Commodity Costs				
38	NUI Total Pipeline Volumes				1,809,859
39	Pipeline Costs Modeled in Sendout™				$ 4,835,967
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				$ 1,682,520
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 Hedginf Net Cost				$ -
61	New Hampshire Allocated Percentage				
62	NH Futures Hedging Net Cost	$ -	$ -		$ -
63	NH Commodity Costs				
64	Pipeline Excl Hedging	$ -	$ 1,682,520		$ 1,682,520
65	Hedging (Gain)/Loss Estimate	$ -	$ -		$ -
66	Storage	$ -	$ -		$ -
67	Peaking	$ -	$ 24,798		$ 24,798
68	Total Commodity Costs	$ 18,183,827	$ 2,107,082		$ 20,290,909
69	Inventory Finance Charge	$ -	$ -		$ -
70					
71	**Total Anticipated Direct Cost of Gas**	$ 23,440,048	$ 5,613,867		$ 29,053,915

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

		Winter						Summer					
									(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
Working Capital													
Total Anticipated Direct Cost of Gas		$ 2,038,533	$ 4,778,915	$ 6,957,672	$ 4,796,188	$ 3,745,255	$ 2,073,156	$ 1,148,035	$ 856,606	$ 826,164	$ 825,957	$ 831,467	$ 1,143,452
Working Capital Percentage		0.1167%	0.1167%	0.1167%	0.1167%	0.1167%	0.1235%	0.1235%	0.12%	0.12%	0.12%	0.12%	0.12%
Working Capital Allowance		$ 2,378	$ 5,576	$ 8,118	$ 5,596	$ 4,370	$ 2,561	$ 1,418	$ 1,058	$ 1,021	$ 1,020	$ 1,027	$ 1,413
Beginning Period Working Capital Balance		$ 3,690	$ 6,086	$ 11,693	$ 19,867	$ 25,543	$ 30,010	$ 32,689	$ 34,232	$ 35,421	$ 36,576	$ 37,736	$ 38,906
End of Period Working Capital Allowance		$ 6,069	$ 11,662	$ 19,811	$ 25,462	$ 29,912	$ 32,571	$ 34,107	$ 35,290	$ 36,441	$ 37,596	$ 38,763	$ 40,319
Interest		$ 17	$ 31	$ 56	$ 80	$ 98	$ 117	$ 125	$ 130	$ 135	$ 139	$ 143	$ 149
End of period with Interest	$ 3,690	$ 6,086	$ 11,693	$ 19,867	$ 25,543	$ 30,010	$ 32,689	$ 34,232	$ 35,421	$ 36,576	$ 37,736	$ 38,906	$ 40,467
Bad Debt													
Projected Bad Debt	$ -	$ (12,901.55)	$ (3,279.80)	$ (2,812.78)	$ 48,970.46	$ (467.28)	$ 33,605.75	$ 7,351.05	$ 30,733.90	$ 30,733.90	$ 30,733.90	$ 30,733.90	$ 30,733.90
Beginning Period Bad Debt Balance		$ 13,172	$ 294	$ (2,991)	$ (5,819)	$ 43,218	$ 42,903	$ 76,732	$ 84,385	$ 115,493	$ 146,717	$ 178,059	$ 209,518
End of Period Bad Debt Balance		*$ 270*	*$ (2,986)*	*$ (5,803)*	*$ 43,152*	*$ 42,750*	*$ 76,508*	*$ 84,083*	*$ 115,119*	*$ 146,227*	*$ 177,451*	*$ 208,793*	*$ 240,252*
Interest		$ 24	$ (5)	$ (16)	$ 66	$ 152	$ 224	$ 302	$ 374	$ 491	$ 608	$ 725	$ 843
End of Period Bad Debt Balance with Interest	$ 13,172	$ 294	$ (2,991)	$ (5,819)	$ 43,218	$ 42,903	$ 76,732	$ 84,385	$ 115,493	$ 146,717	$ 178,059	$ 209,518	$ 241,096
Local Production and Storage Capacity		$ 79,351	$ 79,351	$ 79,351	$ 79,351	$ 79,351	$ 79,351	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous Overhead		$ 78,928	$ 78,928	$ 78,928	$ 78,928	$ 78,928	$ 78,928	$ 17,815	$ 17,815	$ 17,815	$ 17,815	$ 17,815	$ 17,815
Gas Cost Other than Bad Debt and Working Capital Over/Under Collection													
Beginning Balance Over/Under Collection		$ 361,181	$ 435,351	$ 62,997	$ 353,152	$ 251,657	$ (1,058,398)	$ (2,032,655)	$ (1,666,281)	$ (1,241,327)	$ (787,673)	$ (334,602)	$ 106,333
Net Costs - Revenues		$ 72,762	$ (373,235)	$ 289,420	$ (102,564)	$ (1,308,629)	$ (917,443)	$ 373,296	$ 430,396	$ 457,452	$ 455,171	$ 441,363	$ 307,465
Ending Balance before Interest		$ 433,943	$ 62,116	$ 352,417	$ 250,588	$ (1,056,972)	$ (1,975,841)	$ (1,659,359)	$ (1,235,886)	$ (783,875)	$ (332,502)	$ 106,760	$ 413,798
Average Balance		$ 397,562	$ 248,733	$ 207,707	$ 301,870	$ (402,657)	$ (1,517,119)	$ (1,846,007)	$ (1,451,084)	$ (1,012,601)	$ (560,087)	$ (113,921)	$ 260,066
Interest Rate		4.25%	4.25%	4.25%	4.25%	4.25%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Interest Expense		$ 1,408	$ 881	$ 736	$ 1,069	$ (1,426)	$ (5,689)	$ (6,923)	$ (5,442)	$ (3,797)	$ (2,100)	$ (427)	$ 975
Ending Balance Incl Interest Expense	$ 361,181	$ 435,351	$ 62,997	$ 353,152	$ 251,657	$ (1,058,398)	$ (2,032,655)	$ (1,666,281)	$ (1,241,327)	$ (787,673)	$ (334,602)	$ 106,333	$ 414,774
Total Over/Under Collection Ending Balance	$ 378,043	$ 441,731	$ 71,699	$ 367,200	$ 320,417	$ (985,485)	**$ (1,923,234)**	$ (1,547,664)	$ (1,090,414)	$ (604,379)	$ (118,808)	$ 354,758	$ 696,337
Total Indirect Cost of Gas	$ 378,043	$ 149,205	$ 161,482	$ 164,359	$ 214,060	$ 161,005	$ 189,098	$ 20,088	$ 44,670	$ 46,397	$ 48,216	$ 50,017	$ 51,928
Total Cost of Gas	$ 378,043	$ 2,029,459	$ 4,782,119	$ 6,963,753	$ 4,851,970	$ 3,747,982	$ 2,103,975	$ 1,150,309	$ 901,275	$ 872,562	$ 874,173	$ 881,484	$ 1,195,381
Total Interest	$ -	$ 1,449	$ 908	$ 776	$ 1,216	$ (1,176)	$ (5,348)	$ (6,496)	$ (4,937)	$ (3,172)	$ (1,353)	$ 442	$ 1,967

April 30, 2018 Target Balance	($2,708,745)
April 30, 2018 Actual Balance	$ (1,923,234)
Variance	$ 785,511

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

	Winter	Summer	Prior Period	Total
Working Capital				
Total Anticipated Direct Cost of Gas				$ 30,021,402
Working Capital Percentage				
Working Capital Allowance	$ 28,598	$ 6,957	$ 3,690	$ 39,246
Beginning Period Working Capital Balance				
End of Period Working Capital Allowance				
Interest				$ 1,222
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				$ 3,789
End of Period Bad Debt Balance with Interest				
Local Production and Storage Capacity	$ 476,106	$ -		$ 476,106
Miscellaneous Overhead	$ 473,566	$ 106,889	$ -	$ 580,455
Gas Cost Other than Bad Debt and Working Capita				
Beginning Balance Over/Under Collection				$ (5,550,265)
Net Costs - Revenues				$ 125,453
Ending Balance before Interest				$ (5,424,812)
Average Balance				$ (5,487,539)
Interest Rate				
Interest Expense				$ (20,735)
Ending Balance Incl Interest Expense				
Total Over/Under Collection Ending Balance				
Total Indirect Cost of Gas	$ 1,039,210	$ 261,317	$ 378,043	$ 1,678,570
Total Cost of Gas	$ 24,479,257	$ 5,875,184	$ 378,043	$ 30,732,485
Total Interest	$ (2,176)	$ (13,549)		$ (15,725)