Unitil

July 25, 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~~ July 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 June 2018, and NYMEX gas futures prices reported on July 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.

George H. Simmons Jr.

Enclosures

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

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New Hampshire Monthly Cost of Gas Report

Summer Period

July 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 ($24,152). This balance is below the 4% Summer Period over-collection threshold (Line 38) 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 $761,359 (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
July 2018 Estimated

1	Target under/(over) collection as of 05/01/18				($2,708,745)	Table 2, PG. 3, Line 107
2						
3	Forecasted firm therm sales 07/01/2018 - 10/31/2018					
4	Residential Heat & Non Heat		2,213,011			Table 2, PG. 2, Line 2
5	HLF Classes		1,144,735			Table 2, PG. 2, Line 3
6	LLF Classes		1,766,803			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	$	(2,036,850)			(LN 4 * Ln 9) + (LN 5 * LN 10) + (LN 6 * LN 11)
14						
15	Forecasted recovered costs at current rates 07/01/2018 - 10/31/2018			$	(2,036,850)	LN 13
16	Actual recovered costs at current rates 05/01/2018 - 06/30/2018			$	(1,101,743)	Table 2, PG. 1, Line 14
17	Estimated total recovered costs 05/01/18 - 10/31/18			$	(3,138,592)	LN 15 + LN 16
18						
19	Revised projected direct gas costs 05/01/18 - 10/31/18 *[1]*			$	5,575,952	Table 2, PG. 2, Line 71
20	Revised projected indirect gas costs 05/01/18 - 10/31/18 *[2]*			$	247,234	Table 2, PG. 4, Line 101
21						
22	Total Projected Summer Period Gas Costs			$	5,823,185	LN 19 + LN 20
23						
24	Projected October 31, 2018 Summer Season Balance				($24,152)	LN 1 + Ln 17 + LN 19 + LN 20
25						
26	Winter Season Variance			$	785,511	Table 2, PG 3, LN 111
27						
28	Projected October 31, 2018 End of Year Balance			$	761,359	LN 24 +LN 26; Table 2, PG. 3, LN 99
29						
30	Projected October 31, 2018 Summer Season Balance			$	(24,152)	LN 24
31						
32	Projected Summer Period Imbalance Type				Over-collection	
33						
34	Projected Summer Period Imbalance %				-0.41%	LN 24 / LN 22
35						
36	Summer Season Under-collection Threshold (4% of Projected Costs)			$	232,927	LN 22 * 4%
37						
38	Summer Season Over-collection Threshold (4% plus Winter Balance)			$	(1,018,438)	(LN 26 +LN 36)*-1
39						
40	Under-collection Rate Adjusment Required				No	IF (ABS) LN 30< (ABS) LN 36, No ELSE Yes
41						
42	Over-collection Rate Adjusment Required				No	IF (ABS) LN 30< (ABS) LN 38, No ELSE Yes

NOTES

[1] Reflects futures prices as of July 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)
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
2	Residential Heat & Non Heat										419,957	422,211	443,199
3	Sales HLF Classes										217,233	218,399	229,256
4	Sales LLF Classes										335,281	337,080	353,837
5	Total										972,471	977,690	1,026,291
6	Rates												
7	Residential Heat & Non Heat CGA										$0.3975	$0.3975	$0.3975
8	Sales HLF Classes CGA										$0.3543	$0.3543	$0.3543
9	Sales LLF Classes CGA										$0.4254	$0.4254	$0.4254
10	Revenues												
11	Residential Heat & Non Heat										$ (166,933)	$ (167,829)	$ (176,172)
12	Sales HLF Classes										$ (76,966)	$ (77,379)	$ (81,225)
13	Sales LLF Classes							$ -			$ (142,629)	$ (143,394)	$ (150,522)
14	Total Sales		$ (1,965,771)	$ (5,152,151)	$ (6,668,252)	$ (4,898,752)	$ (5,053,884)	$ (2,990,600)	$ (774,739)	$ (327,003)	$ (386,527)	$ (388,601)	$ (407,919)
15													
16			Winter						Summer				
17	**Gas Costs and Credits**										(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
19	Net Demand Costs (Net of Injection Fees & Cap. Assign.)												
20	Pipeline										$ 278,965	$ 278,965	$ 278,020
21	Storage										$ 410,369	$ 410,369	$ 410,369
22	Peaking										$ 42,108	$ 42,108	$ 42,108
23	Total Demand Costs							$ 667,322	$ 730,457		$ 731,442	$ 731,442	$ 730,497
24													
25	Asset Management and Capacity Release												
26	NUI AMA Revenue										$ (394,079)	$ (394,079)	$ (394,079)
27	NUI Capacity Release										$ -	$ -	$ -
28	NUI AMA Rev & Cap. Release Subtotal										$ (394,079)	$ (394,079)	$ (394,079)
29	NH AMA Revenue										$ (175,799)	$ (175,799)	$ (175,799)
30	NH Capacity Release										$ -	$ -	$ -
31	NH Total Asset Management and Capacity Release										$ (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	$ 705,866	$ 555,644	$ 555,644	$ 554,698
36													
37	NUI Commodity Costs												
38	NUI Total Pipeline Volumes										282,899	284,126	306,404
39	Pipeline Costs Modeled in Sendout™										$ 761,921	$ 763,018	$ 800,369
40	NYMEX Price Used for Forecast										$ 2.9400	$ 2.9500	$ 2.9200
41	NYMEX Price Used for Update										$ 2.9960	$ 2.7570	$ 2.7280
42	Increase/(Decrease) NYMEX Price										$ 0.06	$ (0.19)	$ (0.19)
43	Increase/(Decrease) in Pipeline Costs										$ 15,842	$ (54,836)	$ (58,830)
44	Updated Pipeline Costs										$ 777,764	$ 708,182	$ 741,540
45	Interruptible Volumes - NH										0	0	0
46	Average Supply Cost ($/MMBtu)										$ 2.75	$ 2.49	$ 2.42
47	Interruptible Cost - NH										$ -	$ -	$ -
48	Total Updated Pipeline Costs										$ 777,764	$ 708,182	$ 741,540
49	New Hampshire Allocated Percentage										34.54%	34.57%	33.68%
50	NH Updated Pipeline Costs										$ 268,622	$ 244,850	$ 249,758
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										$ 268,622	$ 244,850	$ 249,758
65	Hedging (Gain)/Loss Estimate										$ -	$ -	$ -
66	Storage										$ -	$ -	$ -
67	Peaking										$ 5,026	$ 5,031	$ 4,719
68	Total Commodity Costs		$ 1,131,186	$ 3,765,770	$ 5,871,853	$ 3,550,135	$ 2,617,328	$ 1,247,555	$ 399,763	$ 196,852	$ 273,647	$ 249,881	$ 254,477
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	$ 902,718	$ 829,291	$ 805,525	$ 809,176

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

	Sales Revenues	(Forecast)	`		Prior	
1	Volumes	Oct-18	Winter	Summer	Period	Total
2	Residential Heat & Non Heat	927,645	-	2,213,011		2,213,011
3	Sales HLF Classes	479,847	-	1,144,735		1,144,735
4	Sales LLF Classes	740,604	-	1,766,803		1,766,803
5	Total	2,148,096	-	5,124,549		5,124,549
6	Rates		-	-		-
7	Residential Heat & Non Heat CGA	$0.3975				
8	Sales HLF Classes CGA	$0.3543				
9	Sales LLF Classes CGA	$0.4254				
10	Revenues					
11	Residential Heat & Non Heat	$ (368,739)	-	(879,672)		(879,672)
12	Sales HLF Classes	$ (170,010)	-	(405,580)		(405,580)
13	Sales LLF Classes	$ (315,053)	-	(751,598)		(751,598)
14	Total Sales	$ (853,802)	(26,729,410)	(3,138,592)		(29,868,002)
15						
16						
17	**Gas Costs and Credits**	(Forecast)	`			
18		Oct-18	Winter	Summer		Total
19	Net Demand Costs (Net of Injection Fees & Cap. Assig					
20	Pipeline	$ 278,020	-	1,113,969		1,113,969
21	Storage	$ 410,369	-	1,641,476		1,641,476
22	Peaking	$ 42,108	-	168,433		168,433
23	Total Demand Costs	$ 730,497	667,322	3,654,336		4,321,659
24						
25	Asset Management and Capacity Release					
26	NUI AMA Revenue	$ (394,079)	-	(1,576,316)		$ (1,576,316)
27	NUI Capacity Release	$ -	-	-		$ -
28	NUI AMA Rev & Cap. Release Subtotal	$ (394,079)	-	(1,576,316)		$ (1,576,316)
29	NH AMA Revenue	$ (175,799)	-	(703,195)		$ (703,195)
30	NH Capacity Release	$ -	-	-		$ -
31	NH Total Asset Management and Capacity Release	$ (175,799)	$ -	$ (703,195)		$ (703,195)
32						
33	PNGTS Refund	$ -	$ (1,387,970)	$ -		$ -
34						
35	Net Demand Costs	$ 554,698	$ (720,648)	$ 2,951,141		$ 3,618,464
36						
37	NUI Commodity Costs					
38	NUI Total Pipeline Volumes	614,624				1,488,052
39	Pipeline Costs Modeled in Sendout™	$ 1,648,370				$ 3,973,678
40	NYMEX Price Used for Forecast	$ 2.9400				
41	NYMEX Price Used for Update	$ 2.7460				
42	Increase/(Decrease) NYMEX Price	$ (0.19)				
43	Increase/(Decrease) in Pipeline Costs	$ (119,237)				
44	Updated Pipeline Costs	$ 1,529,133				
45	Interruptible Volumes - NH	0				
46	Average Supply Cost ($/MMBtu)	$ 2.49				
47	Interruptible Cost - NH	$ -				
48	Total Updated Pipeline Costs	$ 1,529,133				
49	New Hampshire Allocated Percentage	35.26%				
50	NH Updated Pipeline Costs	$ 539,218				$ 1,302,448
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	$ 539,218	$ -	$ 1,302,448		$ 1,302,448
65	Hedging (Gain)/Loss Estimate	$ -	$ -	$ -		$ -
66	Storage	$ -	$ -	$ -		$ -
67	Peaking	$ 5,105	$ -	$ 19,881		$ 19,881
68	Total Commodity Costs	$ 544,323	$ 18,183,827	$ 1,918,944		$ 20,102,771
69	Inventory Finance Charge	$ -	$ -	$ -		$ -
70						
71	**Total Anticipated Direct Cost of Gas**	$ 1,099,022	$ 23,440,048	$ 5,575,952		$ 29,016,000

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

		Winter										
										(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
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	$ 920,533	$ 829,291	$ 805,525	$ 809,176
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%
Working Capital Allowance		$ 2,378	$ 5,576	$ 8,118	$ 5,596	$ 4,370	$ 2,561	$ 1,418	$ 1,137	$ 1,024	$ 995	$ 1,000
Beginning Period Working Capital Balance		$ 3,690	$ 6,086	$ 11,693	$ 19,867	$ 25,543	$ 30,010	$ 32,689	$ 34,232	$ 35,500	$ 36,659	$ 37,794
End of Period Working Capital Allowance		$ 6,069	$ 11,662	$ 19,811	$ 25,462	$ 29,912	$ 32,571	$ 34,107	$ 35,369	$ 36,524	$ 37,655	$ 38,793
Interest		$ 17	$ 31	$ 56	$ 80	$ 98	$ 117	$ 125	$ 131	$ 135	$ 139	$ 144
End of period with Interest	$ 3,690	$ 6,086	$ 11,693	$ 19,867	$ 25,543	$ 30,010	$ 32,689	$ 34,232	$ 35,500	$ 36,659	$ 37,794	$ 38,937
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	$ 14,538.20	$ 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	$ 99,267	$ 130,431	$ 161,711
End of Period Bad Debt Balance		*$ 270*	*$ (2,986)*	*$ (5,803)*	*$ 43,152*	*$ 42,750*	*$ 76,508*	*$ 84,083*	*$ 98,923*	*$ 130,001*	*$ 161,164*	*$ 192,445*
Interest		$ 24	$ (5)	$ (16)	$ 66	$ 152	$ 224	$ 302	$ 344	$ 430	$ 547	$ 664
End of Period Bad Debt Balance with Interest	$ 13,172	$ 294	$ (2,991)	$ (5,819)	$ 43,218	$ 42,903	$ 76,732	$ 84,385	$ 99,267	$ 130,431	$ 161,711	$ 193,109
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
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)	$ (1,077,887)	$ (620,487)	$ (187,261)
Net Costs - Revenues		$ 72,762	$ (373,235)	$ 289,420	$ (102,564)	$ (1,308,629)	$ (917,443)	$ 373,296	$ 593,530	$ 460,579	$ 434,738	$ 419,072
Ending Balance before Interest		$ 433,943	$ 62,116	$ 352,417	$ 250,588	$ (1,056,972)	$ (1,975,841)	$ (1,659,359)	$ (1,072,752)	$ (617,309)	$ (185,749)	$ 231,810
Average Balance		$ 397,562	$ 248,733	$ 207,707	$ 301,870	$ (402,657)	$ (1,517,119)	$ (1,846,007)	$ (1,369,517)	$ (847,598)	$ (403,118)	$ 22,275
Interest Rate		4.25%	4.25%	4.25%	4.25%	4.25%	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)	$ (5,136)	$ (3,178)	$ (1,512)	$ 84
Ending Balance Incl Interest Expense	$ 361,181	$ 435,351	$ 62,997	$ 353,152	$ 251,657	$ (1,058,398)	$ (2,032,655)	$ (1,666,281)	$ (1,077,887)	$ (620,487)	$ (187,261)	$ 231,894
Total Over/Under Collection Ending Balance	$ 378,043	$ 441,731	$ 71,699	$ 367,200	$ 320,417	$ (985,485)	**$ (1,923,234)**	$ (1,547,664)	$ (943,121)	$ (453,397)	$ 12,244	$ 463,940
Total Indirect Cost of Gas	$ 378,043	$ 149,205	$ 161,482	$ 164,359	$ 214,060	$ 161,005	$ 189,098	$ 20,088	$ 28,829	$ 46,960	$ 48,718	$ 50,439
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	$ 931,547	$ 876,251	$ 854,243	$ 859,615
Total Interest	$ -	$ 1,449	$ 908	$ 776	$ 1,216	$ (1,176)	$ (5,348)	$ (6,496)	$ (4,661)	$ (2,614)	$ (826)	$ 891

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

Line		(Forecast) Oct-18	Winter	Summer	Prior Period	Total
72						
75	Working Capital					
76	Total Anticipated Direct Cost of Gas	$ 1,099,022				$ 30,001,302
77	Working Capital Percentage	0.12%				
78	Working Capital Allowance	$ 1,358	$ 28,598	$ 6,932	$ 3,690	$ 39,221
79	Beginning Period Working Capital Balance	$ 38,937				
80	End of Period Working Capital Allowance	$ 40,295				
81	Interest	$ 149				$ 1,223
82	End of period with Interest	$ 40,443				
83	Bad Debt					
84	Projected Bad Debt	$ 30,733.90	$ 184,403	$ 11,146	$ 13,172	$ 208,721
85	Beginning Period Bad Debt Balance	$ 193,109				
86	End of Period Bad Debt Balance	*$ 223,843*				
87	Interest	$ 782				$ 3,513
88	End of Period Bad Debt Balance with Interest	$ 224,625				
89	Local Production and Storage Capacity	$ -	$ 476,106	$ -		$ 476,106
90	Miscellaneous Overhead	$ 17,815	$ 473,566	$ 106,889	$ -	$ 580,455
91	Gas Cost Other than Bad Debt and Working Capital C					
92	Beginning Balance Over/Under Collection	$ 231,894				$ (4,946,738)
93	Net Costs - Revenues	$ 263,035				$ 204,559
94	Ending Balance before Interest	$ 494,928				$ (4,742,179)
95	Average Balance	$ 363,411				$ (4,844,459)
96	Interest Rate	4.50%				
97	Interest Expense	$ 1,363				$ (18,324)
98	Ending Balance Incl Interest Expense	$ 496,291				
99	**Total Over/Under Collection Ending Balance**	$ 761,359				
100						
101	**Total Indirect Cost of Gas**	$ 52,199	$ 1,039,210	$ 247,234	$ 378,043	$ 1,664,486
102						
103	**Total Cost of Gas**	$ 1,151,221	$ 24,479,257	$ 5,823,185	$ 378,043	$ 30,680,486
104						
105	**Total Interest**	$ 2,293	$ (2,176)	$ (11,412)		$ (13,588)
106						
107						
108						
109						
110						
111						