Unitil

August 23, 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
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 July 2018, and NYMEX gas futures prices reported on August 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. CAK

George H. Simmons Jr.

Enclosures

cc: David Shulock, Staff Counsel
D. Maurice Kreis, Consumer Advocate

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New Hampshire Monthly Cost of Gas Report

Summer Period

August 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 under-collection of $215,804. This balance is below the 4% Summer Period under-collection threshold of $239,310 (Line 36) for requiring a change in COG rates. Therefore, no COG rate changes are proposed at this time.

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
2017-2018 Summer Period Cost of Gas
DG 17-144
August 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 08/01/2018 - 10/31/2018					
4	Residential Heat & Non Heat		1,793,054			Table 2, PG. 2, Line 2
5	HLF Classes		927,502			Table 2, PG. 2, Line 3
6	LLF Classes		1,431,521			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	$	(1,650,322)			(LN 4 * Ln 9) + (LN 5 * LN 10) + (LN 6 * LN 11)
14						
15	Forecasted recovered costs at current rates 08/01/2018 - 10/31/2018			$	(1,650,322)	LN 13
16	Actual recovered costs at current rates 05/01/2018 - 07/31/2018			$	(1,402,465)	Table 2, PG. 1, Line 14
17	Estimated total recovered costs 05/01/18 - 10/31/18			$	(3,052,787)	LN 15 + LN 16
18						
19	Revised projected direct gas costs 05/01/18 - 10/31/18 *[1]*			$	5,743,786	Table 2, PG. 2, Line 71
20	Revised projected indirect gas costs 05/01/18 - 10/31/18 *[2]*			$	233,551	Table 2, PG. 4, Line 101
21						
22	Total Projected Summer Period Gas Costs			$	5,977,336	LN 19 + LN 20
23						
24	Projected October 31, 2018 Summer Season Balance				$215,804	LN 1 + Ln 17 + LN 19 + LN 20
25						
26	Winter Season Variance			$	550,810	Table 2, PG 3, LN 111
27						
28	Projected October 31, 2018 End of Year Balance			$	766,614	LN 24 +LN 26; Table 2, PG. 3, LN 99
29						
30	Projected October 31, 2018 Summer Season Balance			$	215,804	LN 24
31						
32	Projected Summer Period Imbalance Type				Under-collection	
33						
34	Projected Summer Period Imbalance %				3.61%	LN 24 / LN 22
35						
36	Summer Season Under-collection Threshold (4% of Projected Costs)			$	239,093	LN 22 * 4%
37						
38	Summer Season Over-collection Threshold (4% plus Winter Balance)			$	(789,904)	((ABS) LN 26 + (ABS) 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 August 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	Oct-18
2	Residential Heat & Non Heat											422,211	443,199	927,645
3	Sales HLF Classes											218,399	229,256	479,847
4	Sales LLF Classes											337,080	353,837	740,604
5	Total											977,690	1,026,291	2,148,096
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											$ (167,829)	$ (176,172)	$ (368,739)
12	Sales HLF Classes											$ (77,379)	$ (81,225)	$ (170,010)
13	Sales LLF Classes							$ -				$ (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)	$ (327,003)	$ (300,722)	$ (388,601)	$ (407,919)	$ (853,802)
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	Oct-18
19	Net Demand Costs (Net of Injection Fees & Cap. Assign.)													
20	Pipeline										$ 278,965	$ 278,965	$ 278,020	$ 278,020
21	Storage										$ 410,369	$ 410,369	$ 410,369	$ 410,369
22	Peaking										$ 42,108	$ 42,108	$ 42,108	$ 42,108
23	Total Demand Costs							$ 667,322	$ 730,457		$ 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)
27	NUI Capacity Release										$ -	$ -	$ -	$ -
28	NUI AMA Rev & Cap. Release Subtotal										$ (394,079)	$ (394,079)	$ (394,079)	$ (394,079)
29	NH AMA Revenue										$ (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)
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	$ 728,162	$ 555,644	$ 554,698	$ 554,698
36														
37	NUI Commodity Costs													
38	NUI Total Pipeline Volumes											284,126	306,404	614,624
39	Pipeline Costs Modeled in Sendout™											$ 763,018	$ 800,369	$ 1,648,370
40	NYMEX Price Used for Forecast											$ 2.9500	$ 2.9200	$ 2.9400
41	NYMEX Price Used for Update											$ 2.8220	$ 2.9410	$ 2.9320
42	Increase/(Decrease) NYMEX Price											$ (0.13)	$ 0.02	$ (0.01)
43	Increase/(Decrease) in Pipeline Costs											$ (36,368)	$ 6,434	$ (4,917)
44	Updated Pipeline Costs											$ 726,650	$ 806,804	$ 1,643,453
45	Interruptible Volumes - NH											0	0	0
46	Average Supply Cost ($/MMBtu)											$ 2.56	$ 2.63	$ 2.67
47	Interruptible Cost - NH											$ -	$ -	$ -
48	Total Updated Pipeline Costs											$ 726,650	$ 806,804	$ 1,643,453
49	New Hampshire Allocated Percentage											34.57%	33.68%	35.26%
50	NH Updated Pipeline Costs											$ 251,235	$ 271,740	$ 579,531
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										$ -	$ 251,235	$ 271,740	$ 579,531
65	Hedging (Gain)/Loss Estimate										$ -	$ -	$ -	$ -
66	Storage										$ -	$ -	$ -	$ -
67	Peaking											$ 5,031	$ 4,719	$ 5,105
68	Total Commodity Costs		$ 1,136,399	$ 3,718,933	$ 5,675,647	$ 3,529,056	$ 2,624,112	$ 1,268,509	$ 399,763	$ 196,852	$ 200,283	$ 256,266	$ 276,459	$ 584,636
69	Inventory Finance Charge								$ -	$ -	$ -	$ -	$ -	$ -
70														
71	**Total Anticipated Direct Cost of Gas**		$ 1,885,467	$ 4,573,800	$ 6,603,187	$ 4,616,830	$ 3,593,760	$ 1,935,832	$ 1,130,221	$ 902,718	$ 928,445	$ 811,910	$ 831,157	$ 1,139,334

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

		Winter	Summer	Prior Period	Total
	Sales Revenues	`		Prior	
1	Volumes	Winter	Summer	Period	Total
2	Residential Heat & Non Heat	-	1,793,054		1,793,054
3	Sales HLF Classes	-	927,502		927,502
4	Sales LLF Classes	-	1,431,521		1,431,521
5	Total	-	4,152,078		4,152,078
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	-	(712,739)		(712,739)
12	Sales HLF Classes	-	(328,614)		(328,614)
13	Sales LLF Classes	-	(608,969)		(608,969)
14	Total Sales	(26,729,410)	(3,052,787)		(29,782,197)
15					
16					
17	**Gas Costs and Credits**	`			
18		Winter	Summer		Total
19	Net Demand Costs (Net of Injection Fees & Cap. Assig				
20	Pipeline	-	1,113,969		1,113,969
21	Storage	-	1,641,476		1,641,476
22	Peaking	-	168,433		168,433
23	Total Demand Costs	667,322	3,654,336		4,321,659
24					
25	Asset Management and Capacity Release				
26	NUI AMA Revenue	-	(1,576,316)		$ (1,576,316)
27	NUI Capacity Release	-	-		$ -
28	NUI AMA Rev & Cap. Release Subtotal	-	(1,576,316)		$ (1,576,316)
29	NH AMA Revenue	-	(703,195)		$ (703,195)
30	NH Capacity Release	-	-		$ -
31	NH Total Asset Management and Capacity Release	$ -	$ (703,195)		$ (703,195)
32					
33	PNGTS Refund	$ (1,387,970)	$ -		$ -
34					
35	Net Demand Costs	$ (720,648)	$ 2,951,141		$ 3,618,464
36					
37	NUI Commodity Costs				
38	NUI Total Pipeline Volumes				1,205,154
39	Pipeline Costs Modeled in Sendout™				$ 3,211,757
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				$ 1,102,506
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	$ -	$ 1,102,506		$ 1,102,506
65	Hedging (Gain)/Loss Estimate	$ -	$ -		$ -
66	Storage	$ -	$ -		$ -
67	Peaking	$ -	$ 14,855		$ 14,855
68	Total Commodity Costs	$ 17,952,655	$ 1,914,260		$ 19,866,915
69	Inventory Finance Charge	$ -	$ -		$ -
70					
71	**Total Anticipated Direct Cost of Gas**	$ 23,208,876	$ 5,743,786		$ 28,952,662

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	Oct-18
Working Capital													
Total Anticipated Direct Cost of Gas		$ 2,043,746	$ 4,732,078	$ 6,761,466	$ 4,775,109	$ 3,752,039	$ 2,094,110	$ 1,148,035	$ 920,533	$ 946,260	$ 811,910	$ 831,157	$ 1,139,334
Working Capital Percentage		0.1167%	0.1167%	0.1167%	0.1167%	0.1167%	0.1235%	0.1235%	0.12%	0.13%	0.13%	0.13%	0.13%
Working Capital Allowance		$ 2,384	$ 5,521	$ 7,889	$ 5,571	$ 4,378	$ 2,587	$ 1,418	$ 1,137	$ 1,234	$ 1,059	$ 1,084	$ 1,486
Beginning Period Working Capital Balance		$ 3,690	$ 6,092	$ 11,644	$ 19,588	$ 25,239	$ 29,713	$ 32,417	$ 33,959	$ 35,226	$ 36,602	$ 37,807	$ 39,043
End of Period Working Capital Allowance		$ 6,075	$ 11,613	$ 19,533	$ 25,160	$ 29,616	$ 32,300	$ 33,835	$ 35,096	$ 36,460	$ 37,660	$ 38,891	$ 40,529
Interest		$ 17	$ 31	$ 55	$ 79	$ 97	$ 116	$ 124	$ 129	$ 142	$ 147	$ 152	$ 157
End of period with Interest	$ 3,690	$ 6,092	$ 11,644	$ 19,588	$ 25,239	$ 29,713	$ 32,417	$ 33,959	$ 35,226	$ 36,602	$ 37,807	$ 39,043	$ 40,686
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	$ 19,415.40	$ 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	$ 119,113	$ 150,380	$ 181,770
End of Period Bad Debt Balance		*$ 270*	*$ (2,986)*	*$ (5,803)*	*$ 43,152*	*$ 42,750*	*$ 76,508*	*$ 84,083*	*$ 98,923*	*$ 118,682*	*$ 149,847*	*$ 181,114*	*$ 212,504*
Interest		$ 24	$ (5)	$ (16)	$ 66	$ 152	$ 224	$ 302	$ 344	$ 431	$ 532	$ 656	$ 780
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	$ 119,113	$ 150,380	$ 181,770	$ 213,284
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	$ 440,573	$ 21,317	$ 114,772	$ (8,684)	$ (1,312,866)	$ (2,267,084)	$ (1,901,589)	$ (1,314,078)	$ (672,464)	$ (233,129)	$ 207,874
Net Costs - Revenues		$ 77,975	$ (420,072)	$ 93,214	$ (123,643)	$ (1,301,845)	$ (896,489)	$ 373,296	$ 593,530	$ 645,538	$ 441,123	$ 441,053	$ 303,347
Ending Balance before Interest		$ 439,156	$ 20,501	$ 114,531	$ (8,872)	$ (1,310,529)	$ (2,209,355)	$ (1,893,788)	$ (1,308,060)	$ (668,540)	$ (231,341)	$ 207,924	$ 511,221
Average Balance		$ 400,168	$ 230,537	$ 67,924	$ 52,950	$ (659,607)	$ (1,761,110)	$ (2,080,436)	$ (1,604,824)	$ (991,309)	$ (451,902)	$ (12,603)	$ 359,548
Interest Rate		4.25%	4.25%	4.25%	4.25%	4.25%	4.50%	4.50%	4.50%	4.75%	4.75%	4.75%	4.75%
Interest Expense		$ 1,417	$ 816	$ 241	$ 188	$ (2,336)	$ (6,604)	$ (7,802)	$ (6,018)	$ (3,924)	$ (1,789)	$ (50)	$ 1,423
Ending Balance Incl Interest Expense	$ 361,181	$ 440,573	$ 21,317	$ 114,772	$ (8,684)	$ (1,312,866)	$ (2,267,084)	$ (1,901,589)	$ (1,314,078)	$ (672,464)	$ (233,129)	$ 207,874	$ 512,644
Total Over/Under Collection Ending Balance	$ 378,043	$ 446,959	$ 29,971	$ 128,541	$ 59,772	$ (1,240,249)	**$ (2,157,935)**	$ (1,783,245)	$ (1,179,585)	$ (516,749)	$ (44,942)	$ 428,686	$ 766,614
Total Indirect Cost of Gas	$ 378,043	$ 149,220	$ 161,363	$ 163,635	$ 213,153	$ 160,102	$ 188,207	$ 19,208	$ 27,945	$ 35,113	$ 48,498	$ 50,390	$ 52,395
Total Cost of Gas	$ 378,043	$ 2,034,687	$ 4,735,162	$ 6,766,822	$ 4,829,983	$ 3,753,863	$ 2,124,039	$ 1,149,429	$ 930,663	$ 963,559	$ 860,408	$ 881,548	$ 1,191,730
Total Interest	$ -	$ 1,458	$ 843	$ 280	$ 333	$ (2,087)	$ (6,264)	$ (7,376)	$ (5,545)	$ (3,351)	$ (1,109)	$ 758	$ 2,361

April 30, 2018 Target Balance	($2,708,745)
April 30, 2018 Actual Balance	$ (2,157,935)
Variance	$ 550,810

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

	Winter	Summer	Prior Period	Total
Working Capital				
Total Anticipated Direct Cost of Gas				$ 29,955,778
Working Capital Percentage				
Working Capital Allowance	$ 28,330	$ 7,417	$ 3,690	$ 39,438
Beginning Period Working Capital Balance				
End of Period Working Capital Allowance				
Interest				$ 1,248
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				$ 3,491
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 Capital C				
Beginning Balance Over/Under Collection				$ (6,564,176)
Net Costs - Revenues				$ 227,026
Ending Balance before Interest				$ (6,337,151)
Average Balance				$ (6,450,664)
Interest Rate				
Interest Expense				$ (24,438)
Ending Balance Incl Interest Expense				
Total Over/Under Collection Ending Balance				
Total Indirect Cost of Gas	$ 1,035,681	$ 233,551	$ 378,043	$ 1,647,274
Total Cost of Gas	$ 24,244,557	$ 5,977,336	$ 378,043	$ 30,599,936
Total Interest	$ (5,436)	$ (14,262)		$ (19,698)