May 21, 2019

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 18-143
May 2019 Monthly Cost of Gas Report

Dear Director Howland:

Pursuant to the Commission's Order No. 26,186 in Docket DG 18-143, enclosed is Northern Utilities - New Hampshire Division's ("Northern") current calculation of its projected over or under collection of gas costs for the 2018 / 2019 Summer Period.

Northern's current calculation of costs has been updated to reflect the actual costs and revenues for November 2018 through April 2019, and NYMEX futures prices as of May 17, 2019. The updated calculations indicate that a rate change 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: Lynn Fabrizio, Esq.
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New Hampshire Monthly Cost of Gas Report

Summer Period

May 2019 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, 2019 expected end of year balance. This is done by determining if the October 31, 2019 Summer Season balance exceeds the threshold for a rate change and, if exceeded, the rate change would increase 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 $616,530. This balance is below the 4% Summer Period under-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 under-collection helps offset the Winter Period over-collection of $(1,057,523) (Line 26) thereby reducing the projected end of year balance to ($440,994) (Line 28).

Supp ort 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 2018-2019 Period Cost of Gas
DG 18-143
May 2019 Estimated

1	Target Winter Season Under-Collection	$	(2,793,587)	Table 2, PG. 3, Line 104
2				
3	Forecasted firm therm sales 05/01/2019 - 10/31/2019			
4	Residential Heat & Non Heat		3,551,405	Table 2, PG. 2, Line 2
5	HLF Classes		1,904,106	Table 2, PG. 2, Line 3
6	LLF Classes		2,646,145	Table 2, PG. 2, Line 4
7				
8	Current recovery rate per therm			
9	Residential heat & non heat	$	0.3670	Table 2, PG. 1, Line 7
10	HLF classes	$	0.3269	Table 2, PG. 1, Line 8
11	LLF classes	$	0.3958	Table 2, PG. 1, Line 9
12				
13	Total	$	(2,973,162)	(LN 4 * Ln 9) + (LN 5 * LN 10) + (LN 6 * LN 11)
14				
15	Forecasted recovered costs at current rates 05/01/2019 - 10/31/2019	$	(2,973,162)	LN 13
16	Actual Recovered Costs			
17	Estimated total recovered costs 05/01/19 - 10/31/19	$	(2,973,162)	LN 15 + LN 16
18				
19	Revised projected direct gas costs 05/01/19 - 10/31/19 *[1]*	$	6,162,498	Table 2, PG. 2, Line 64, Winter
20	Revised projected indirect gas costs 05/01/19 - 10/31/19 *[2]*	$	220,781	Table 2, PG. 4, Line 96, Winter
21				
22	Total Projected Summer Period Gas Costs	$	6,383,279	
23				
24	Projected October 31, 2019 Summer Season Balance	$	616,530	LN 1 + Ln 17 + LN 22
25				
26	Winter Season Variance (Over-collection)	$	(1,057,523)	
27				
28	Projected End of Year Balance	$	(440,994)	
29				
30	Projected October 31, 2019 Summer Season Balance	$	616,530	LN 24
31				
32	Projected Summer Period Imbalance Type		Under-Collection	
33				
34	Projected Summer Period Imbalance %		9.66%	LN 24 / LN 22
35				
36	Summer Season Over-collection Threshold (4% of Projected Costs)	$	(255,331)	(LN 22 * 4%)*-1
37				
38	Summer Season Under-collection Threshold (4% Plus Winter Balance)	$	1,312,855	((ABS) LN 26 + (ABS) LN 36)
39				
40	Over-Collection Rate Adjustment Required		No	IF (ABS) LN 30 > (ABS) LN 36, No ELSE Yes
41				
42	Under-Collection Rate Adjustment Required		No	IF (ABS) LN 30< (ABS) LN 38, No ELSE Yes

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

#			Winter						Summer					
	Sales Revenues								(Forecast)	(Forecast)	(Forecast)	(Forecast)	(Forecast)	(Forecast)
1	Volumes	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
2	Residential Heat & Non Heat								766,943	521,912	436,849	441,905	461,965	921,830
3	Sales HLF Classes								411,201	279,826	234,219	236,930	247,685	494,245
4	Sales LLF Classes								571,448	388,876	325,496	329,262	344,210	686,854
5	Total								1,749,592	1,190,614	996,564	1,008,097	1,053,861	2,102,929
6	Rates													
7	Residential Heat & Non Heat CGA								$0.3670	$0.3670	$0.3670	$0.3670	$0.3670	$0.3670
8	Sales HLF Classes CGA								$0.3269	$0.3269	$0.3269	$0.3269	$0.3269	$0.3269
9	Sales LLF Classes CGA								$0.3958	$0.3958	$0.3958	$0.3958	$0.3958	$0.3958
10	Revenues													
11	Residential Heat & Non Heat								$ (281,468)	$ (191,542)	$ (160,324)	$ (162,179)	$ (169,541)	$ (338,312)
12	Sales HLF Classes								$ (134,422)	$ (91,475)	$ (76,566)	$ (77,452)	$ (80,968)	$ (161,569)
13	Sales LLF Classes								$ (226,179)	$ (153,917)	$ (128,831)	$ (130,322)	$ (136,238)	$ (271,857)
14	Total Sales		$ (4,156,882)	$ (5,933,170)	$ (7,078,578)	$ (6,004,899)	$ (4,820,251)	$ (2,428,592)	$ (642,069)	$ (436,934)	$ (365,721)	$ (369,953)	$ (386,748)	$ (771,737)
15														
16			Winter						Summer					
17	**Gas Costs and Credits**								(Forecast)	(Forecast)	(Forecast)	(Forecast)	(Forecast)	(Forecast)
18		Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
19	Demand Costs (net of Capacity Assignment)													
20	Pipeline								$ 172,482	$ 172,482	$ 172,482	$ 172,482	$ 172,482	$ 172,482
21	Storage								$ 731,485	$ 731,485	$ 731,485	$ 731,485	$ 731,485	$ 731,485
22	On-system Peaking								$ 87,989	$ 41,033	$ 41,033	$ 41,033	$ 41,033	$ 41,033
23	Off-System Peaking								$ -	$ -	$ -	$ -	$ -	$ -
24	Total Demand Costs								$ 991,956	$ 945,000	$ 945,000	$ 945,000	$ 945,000	$ 945,000
25														
26	Asset Management and Capacity Release													
27	NUI AMA Revenue								$ (585,133)	$ (585,133)	$ (585,133)	$ (585,133)	$ (585,133)	$ (585,133)
28	NUI Capacity Release								$ -	$ -	$ -	$ -	$ -	$ -
29	NUI AMA Rev & Cap. Release Subtotal													
30	NH AMA Revenue								$ (260,507)	$ (260,507)	$ (260,507)	$ (260,507)	$ (260,507)	$ (260,507)
31	NH Capacity Release													
32	NH Total Asset Management and Capacity Release					$ -			$ (260,507)	$ (260,507)	$ (260,507)	$ (260,507)	$ (260,507)	$ (260,507)
33														
34	Re-entry Rate & Conversion Rate Revenue					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
35														
36	Net Demand Costs		$ 1,540,534	$ 1,528,964	$ 1,595,630	$ 1,404,587	$ 1,477,437	$ 410,720	$ 731,449	$ 684,493	$ 684,493	$ 684,493	$ 684,493	$ 684,493
37														
38	NUI Commodity Costs													
39	NUI Total Pipeline Volumes								494,604	334,214	288,763	290,326	302,280	572,717
40	Pipeline Costs Modeled in Sendout™								$ 1,202,907	$ 821,440	$ 713,823	$ 712,207	$ 706,238	$ 1,357,630
41	NYMEX Price Used for Forecast								$ 2.6030	$ 2.6340	$ 2.6670	$ 2.6710	$ 2.6530	$ 2.6690
42	NYMEX Price Used for Update								$ 2.5660	$ 2.6310	$ 2.6640	$ 2.6800	$ 2.6750	$ 2.7060
43	Increase/(Decrease) NYMEX Price								$ (0.04)	$ (0.00)	$ (0.00)	$ 0.01	$ 0.02	$ 0.04
44	Increase/(Decrease) in Pipeline Costs								$ (18,300)	$ (1,003)	$ (866)	$ 2,613	$ 6,650	$ 21,191
45	Updated Pipeline Costs								$ 1,184,607	$ 820,437	$ 712,957	$ 714,820	$ 712,889	$ 1,378,820
46	New Hampshire Allocated Percentage								35.89%	36.05%	34.96%	35.18%	34.48%	36.96%
47	NH Updated Pipeline Costs								$ 425,121	$ 295,748	$ 249,259	$ 251,445	$ 245,807	$ 509,651
48														
49	Peaking Volumes								2,170	2,100	2,170	2,170	2,100	2,170
50	Peaking Costs Modeled in Sendout								$ 15,129	$ 14,540	$ 14,949	$ 14,918	$ 14,342	$ 14,778
51	Increase/(Decrease) NYMEX Price								$ -	$ -	$ -	$ -	$ -	$ -
52	Increase in Peaking Costs								$ -	$ -	$ -	$ -	$ -	$ -
53	Updated Peaking Costs								$ 15,129	$ 14,540	$ 14,949	$ 14,918	$ 14,342	$ 14,778
54	New Hampshire Allocated Percentage								35.89%	36.05%	34.96%	35.18%	34.48%	36.96%
55	NH Updated Peaking Costs								$ 5,429	$ 5,241	$ 5,226	$ 5,248	$ 4,945	$ 5,462
56														
57	NH Commodity Costs													
58	Pipeline								$ 425,121	$ 295,748	$ 249,259	$ 251,445	$ 245,807	$ 509,651
59	Storage								$ -	$ -	$ -	$ -	$ -	$ -
60	Peaking								$ 5,429	$ 5,241	$ 5,226	$ 5,248	$ 4,945	$ 5,462
61	Total Commodity Costs		$ 2,159,358	$ 4,084,471	$ 3,865,370	$ 2,964,860	$ 2,082,707	$ 1,116,989	$ 430,550	$ 300,989	$ 254,486	$ 256,692	$ 250,752	$ 515,113
62	Inventory Finance Charge								$ -	$ -	$ -	$ -	$ -	$ -
63														
64	**Total Anticipated Direct Cost of Gas**		$ 3,699,891	$ 5,613,436	$ 5,461,000	$ 4,369,447	$ 3,560,144	$ 1,527,709	$ 1,161,999	$ 985,483	$ 938,979	$ 941,185	$ 935,245	$ 1,199,606

Northern Utilities
NEW HAMPSHIRE (Over) / Undercollection Ana

Line	Sales Revenues	Winter	Summer	Prior Period	Total
1	Volumes				
2	Residential Heat & Non Heat				
3	Sales HLF Classes				
4	Sales LLF Classes				
5	Total				
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				
12	Sales HLF Classes				
13	Sales LLF Classes				
14	Total Sales	$ (30,422,373)	$ (2,973,162)		$ (33,395,535)
15					
16					
17	**Gas Costs and Credits**			Prior	
18		Winter	Summer	Period	Total
19	Demand Costs (net of Capacity Assignment)				
20	Pipeline				
21	Storage				
22	On-system Peaking				
23	Off-System Peaking				
24	Total Demand Costs				
25					
26	Asset Management and Capacity Release				
27	NUI AMA Revenue				
28	NUI Capacity Release				
29	NUI AMA Rev & Cap. Release Subtotal				
30	NH AMA Revenue				
31	NH Capacity Release				
32	NH Total Asset Management and Capacity Release				
33					
34	Re-entry Rate & Conversion Rate Revenue				
35					
36	Net Demand Costs	$ 7,957,873	$ 4,153,916		$ 12,111,789
37					
38	NUI Commodity Costs				
39	NUI Total Pipeline Volumes				
40	Pipeline Costs Modeled in Sendout™				
41	NYMEX Price Used for Forecast				
42	NYMEX Price Used for Update				
43	Increase/(Decrease) NYMEX Price				
44	Increase/(Decrease) in Pipeline Costs				
45	Updated Pipeline Costs				
46	New Hampshire Allocated Percentage				
47	NH Updated Pipeline Costs				
48					
49	Peaking Volumes				
50	Peaking Costs Modeled in Sendout				
51	Increase/(Decrease) NYMEX Price				
52	Increase in Peaking Costs				
53	Updated Peaking Costs				
54	New Hampshire Allocated Percentage				
55	NH Updated Peaking Costs				
56					
57	NH Commodity Costs				
58	Pipeline				
59	Storage				
60	Peaking				
61	Total Commodity Costs	$ 16,273,754	$ 2,008,582		$ 18,282,336
62	Inventory Finance Charge				
63					
64	**Total Anticipated Direct Cost of Gas**	$ 24,231,627	$ 6,162,498		$ 30,394,125

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

		Winter						Summer					
	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	(Forecast) May-19	(Forecast) Jun-19	(Forecast) Jul-19	(Forecast) Aug-19	(Forecast) Sep-19	(Forecast) Oct-19
Working Capital													
Total Anticipated Direct Cost of Gas		$ 3,857,751	$ 5,771,295	$ 5,618,860	$ 4,527,307	$ 3,718,004	$ 1,685,569	$ 1,161,999	$ 985,483	$ 938,979	$ 941,185	$ 935,245	$ 1,199,606
Working Capital Percentage		0.1373%	0.14%	0.14%	0.14%	0.14%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Working Capital Allowance		$ 5,297	$ 7,924	$ 8,097	$ 6,524	$ 5,358	$ 2,545	$ 1,755	$ 1,488	$ 1,418	$ 1,421	$ 1,412	$ 1,811
Beginning Period Working Capital Balance		$ 9,529	$ 14,876	$ 22,879	$ 31,093	$ 37,768	$ 43,302	$ 46,052	$ 48,021	$ 49,733	$ 51,382	$ 53,042	$ 54,701
End of Period Working Capital Allowance		$ 14,826	$ 22,800	$ 30,976	$ 37,617	$ 43,125	$ 45,847	$ 47,806	$ 49,509	$ 51,151	$ 52,803	$ 54,454	$ 56,512
Interest		$ 51	$ 78	$ 118	$ 150	$ 177	$ 204	$ 215	$ 224	$ 231	$ 239	$ 246	$ 255
End of period with Interest	$ 9,529	$ 14,876	$ 22,879	$ 31,093	$ 37,768	$ 43,302	$ 46,052	$ 48,021	$ 49,733	$ 51,382	$ 53,042	$ 54,701	$ 56,767
Bad Debt													
Projected Bad Debt	$ -	$ 7,281	$ 40,557	$ 14,378	$ 4,248	$ (7,102)	$ 5,749	$ 9,432	$ 28,297	$ 28,297	$ 37,729	$ 28,297	$ 28,297
Beginning Period Bad Debt Balance		$ (5,841)	$ 1,430	$ 42,078	$ 56,672	$ 61,177	$ 54,327	$ 60,338	$ 70,069	$ 98,752	$ 127,566	$ 165,966	$ 195,089
End of Period Bad Debt Balance		$ 1,439	$ 41,987	$ 56,456	$ 60,919	$ 54,075	$ 60,076	$ 69,771	$ 98,366	$ 127,049	$ 165,295	$ 194,263	$ 223,386
Interest		$ (9)	$ 90	$ 216	$ 257	$ 252	$ 262	$ 298	$ 386	$ 517	$ 671	$ 826	$ 959
End of Period Bad Debt Balance with Interest	$ (5,841)	$ 1,430	$ 42,078	$ 56,672	$ 61,177	$ 54,327	$ 60,338	$ 70,069	$ 98,752	$ 127,566	$ 165,966	$ 195,089	$ 224,345
Local Production and Storage Capacity		$ 79,351	$ 79,351	$ 79,351	$ 79,351	$ 79,351	$ 79,351	$ -	$ -	$ -	$ -	$ -	$ -
		$ -	$ -	$ -									
Miscellaneous Overhead		$ 78,509	$ 78,509	$ 78,509	$ 78,509	$ 78,509	$ 78,509	$ 18,234	$ 18,234	$ 18,234	$ 18,234	$ 18,234	$ 18,234
Gas Cost Other than Bad Debt and Working Capital Over/Under Collection													
Beginning Balance Over/Under Collection		$ 1,310,543	$ 1,016,249	$ 858,271	$ (600,885)	$ (2,084,339)	$ (3,198,116)	$ (3,957,500)	$ (3,436,241)	$ (2,883,909)	$ (2,304,280)	$ (1,724,025)	$ (1,163,896)
Net Costs - Revenues		$ (299,132)	$ (161,875)	$ (1,459,718)	$ (1,477,592)	$ (1,102,247)	$ (743,023)	$ 538,164	$ 566,783	$ 591,492	$ 589,466	$ 566,731	$ 446,103
Ending Balance before Interest		$ 1,011,412	$ 854,374	$ (601,447)	$ (2,078,478)	$ (3,186,586)	$ (3,941,140)	$ (3,419,336)	$ (2,869,459)	$ (2,292,418)	$ (1,714,814)	$ (1,157,293)	$ (717,793)
Average Balance		$ 1,160,977	$ 935,311	$ 128,412	$ (1,339,682)	$ (2,635,462)	$ (3,569,628)	$ (3,688,418)	$ (3,152,850)	$ (2,588,164)	$ (2,009,547)	$ (1,440,659)	$ (940,845)
Interest Rate		5.00%	5.00%	5.25%	5.25%	5.25%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Interest Expense		$ 4,837	$ 3,897	$ 562	$ (5,861)	$ (11,530)	$ (16,361)	$ (16,905)	$ (14,451)	$ (11,862)	$ (9,210)	$ (6,603)	$ (4,312)
Ending Balance Incl Interest Expense	$ 1,310,543	$ 1,016,249	$ 858,271	$ (600,885)	$ (2,084,339)	$ (3,198,116)	$ (3,957,500)	$ (3,436,241)	$ (2,883,909)	$ (2,304,280)	$ (1,724,025)	$ (1,163,896)	$ (722,106)
Total Over/Under Collection Ending Balance	$ 1,314,231	$ 1,032,556	$ 923,228	$ (513,120)	$ (1,985,395)	$ (3,100,487)	**$ (3,851,111)**	$ (3,318,151)	$ (2,735,425)	$ (2,125,332)	$ (1,505,016)	$ (914,107)	$ (440,994)
Total Indirect Cost of Gas	$ 1,314,231	$ 175,316	$ 210,407	$ 181,230	$ 163,178	$ 145,015	$ 150,260	$ 13,029	$ 34,178	$ 36,835	$ 49,084	$ 42,412	$ 45,244
Total Cost of Gas	$ 1,314,231	$ 3,875,207	$ 5,823,842	$ 5,642,230	$ 4,532,625	$ 3,705,159	$ 1,677,969	$ 1,175,028	$ 1,019,660	$ 975,814	$ 990,269	$ 977,657	$ 1,244,850
Total Interest	$ -	$ 4,879	$ 4,066	$ 895	$ (5,454)	$ (11,101)	$ (15,894)	$ (16,392)	$ (13,841)	$ (11,114)	$ (8,301)	$ (5,531)	$ (3,098)

Variance due to changes in NYMEX

April 30, 2019 Target Balance	$ (2,793,587)
April 30, 2918 Projected Balance	$ (3,851,111)
Variance	**$ (1,057,523)**

Northern Utilities
NEW HAMPSHIRE (Over) / Undercollection Ana

	Winter	Summer	Prior Period	Total
Working Capital				
Total Anticipated Direct Cost of Gas				
Working Capital Percentage				
Working Capital Allowance	$ 35,744	$ 9,305	$ 9,529	$ 54,578
Beginning Period Working Capital Balance				
End of Period Working Capital Allowance				
Interest	$ 779	$ 1,410		$ 2,188
End of period with Interest				
Bad Debt				
Projected Bad Debt	$ 65,111	$ 160,349	$ (5,841)	$ 219,619
Beginning Period Bad Debt Balance				
End of Period Bad Debt Balance				
Interest	$ 1,068	$ 3,657		$ 4,726
End of Period Bad Debt Balance with Interest				
Local Production and Storage Capacity	$ 476,106			$ 476,106
				$ -
Miscellaneous Overhead	$ 471,052	$ 109,403		$ 580,455
Gas Cost Other than Bad Debt and Working Capital Over/l				
Beginning Balance Over/Under Collection				
Net Costs - Revenues				
Ending Balance before Interest				
Average Balance				
Interest Rate				
Interest Expense				
Ending Balance Incl Interest Expense				
Total Over/Under Collection Ending Balance				
Total Indirect Cost of Gas	$ 1,025,405	$ 220,781	$ 1,314,231	$ 2,560,416
Total Cost of Gas	$ 25,257,032	$ 6,383,279	$ 1,314,231	$ 32,954,541
Total Interest	$ (22,609)	$ (58,277)		$ (80,886)