



Ex 5

ORIGINAL	
N.H.P.U.C. Case No.	DG 12-068
Exhibit No.	5
Witness	Panel'
DO NOT REMOVE FROM FILE	

April 13, 2012

**VIA ELECTRONIC FILING AND OVERNIGHT MAIL**

Alexander Speidel, Esq.  
New Hampshire Public Utilities Commission  
21 S. Fruit St., Suite 10  
Concord, NH 03301-2429

Re: DG 12-068, Northern Utilities, Inc., Summer 2012 Cost of Gas Filing

Dear Attorney Speidel:

On behalf of Northern Utilities, Inc. ("Northern"), please find enclosed Northern's responses to the New Hampshire Public Utilities Commission Staff's First Set of Data Requests numbered Staff 1-2 and Staff 1-4 through Staff 1-12 by Christopher A. Kahl, Joseph F. Conneely and Francis X. Wells in the above-referenced docket.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

George H. Simmons Jr.

Enclosures

cc: Stephen Frink, NH PUC  
Robert Wyatt, NH PUC  
Amanda Noonan, NH PUC  
Rorie Hollenberg, Consumer Advocate  
Susan, Geiger, Esq.

George H. Simmons Jr.  
Manager Regulatory Services

6 Liberty Lane West  
Hampton, NH 03842

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

simmons@unitil.com

Northern Utilities, Inc.  
Docket No. DG 12-068  
PUC Staff Information Requests – Set 1

Date Request Received: 04/06/12  
Request No. Staff 1-2

Date of Response: 04/13/12  
Witness: Francis X. Wells

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**Request**

Re. Kahl testimony, page 15, line 9.

- a) What is Northern's policy on applying credits related to interstate pipeline capacity cost as refunds in the cost of gas calculations?
- b) Does Northern know what the TGP demand cost credits will be for capacity that was used to serve city gate demand during the off-peak period June 2011 through October 2011?
- c) Does Northern know what the impact of the TGP refunds will be to the off-peak COG rate if the credits related to the off-peak capacity are included?
- d) There was also a reference in Fran Wells's testimony, page 18, lines 17-20, to a large PNGTS refund. What is the latest on FERC Opinion 510 and should there be credits in this off-peak filing related to the Ma-Oct portion of contracted year round PNGTS capacity?

**Response:**

- a.) Second Revised Page 31 of Northern's New Hampshire Division tariff states refunds should be credited to Account 242 and then paid back to customers in the semiannual COG filing over a one year period, producing a per unit refund that will return the principal amount with interest. On March 30, 2012, Northern received a refund from TGP, pertaining to the TGP rate case. Northern plans to propose a refund to customers beginning in the 2012-2013 Winter Period COG filing.
- b.) The total refund from Tennessee was \$494,770. Of this amount, \$433,265 was demand cost related, \$13,821 was commodity cost related and \$8,307 was from interest accruals. Currently, Northern is in the process of reviewing the Tennessee refund for accuracy. Also, before the Company can propose to refund these dollars to New Hampshire Division customers, it must allocate the refund to the two Divisions and then to the New Hampshire Division COG and to the capacity-assigned marketers.
- c.) As noted in response to b, above, and at the 4/9/12 technical session, the Company still has some work to do before proposing to refund these dollars to New Hampshire Division customers. However, if the Tennessee refund were

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reflected in this 2012 Summer Season COG, the Company estimates total costs would be reduced by approximately \$30,000 to \$35,000.

- d.) Northern continues to await a decision from the FERC on the various requests for rehearing of FERC Opinion 510. Northern believes it is appropriate to refund credits to customers only if FERC upholds Opinion 510 and after any such refunds are received by the Company.

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Date Request Received: 04/06/12  
Request No. Staff 1-4

Date of Response: 04/13/12  
Witness: Christopher A. Kahl

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**Request**

Re. Bad Debt calculation in Schedule 3B and Kahl testimony, pages 19-21.

- a. Re. the sentence on page 21, lines 3-5, of Chris Kahl's testimony. Please provide this reconciliation if it is not included in the filing.
- b. Please point to a schedule in the COG filing that shows the 12 monthly actual bad debt related data recorded by the accounting department that can be used to support the annual totals used in schedule 3B? If the schedule is not provided, please provide the supporting data and include this information in future COG filings as a supporting or replacement schedule to Schedule 3B.
- c. Schedule 3B should provide support references for using a 12-month actual bad debt data period that ends on July 31, 2011 and the annual forecast bad debt period that projects for the calendar year (i.e. DG 11-069 Settlement Agreement, page 9, or preferably a reference to specific tariff page(s)). Are these historical and forecast periods defined in revised tariff pages?

**Response:**

- a. Bad Debt reconciliation is provided in Attachment B of Tab 15 (reconciliation).
- b. A schedule was not included in the initial 2012 Summer Period filing but will be included in the Winter Period 2012/2013 COG filing. Attachment Staff 1-4 provides a modified Schedule 3B that responds to this data request.
- c. The historical and forecast periods used to derive Bad Debt expenses are not defined in the Company's revised tariff pages. The Company determines forecasted write-offs used in the COG based on a calendar year estimate of Bad Debt expense. This forecast is founded upon recent actual data. Such actual data is used to determine the forecasted annual amount, the split between supply and distribution write-offs and the split between Winter and Summer Period write-offs. Actual Bad Debt through the 12-months ended July 31 is used to determine the annual forecast and aforementioned splits. The forecasted Bad Debt expense used in both the Winter and Summer Season COGs is derived in the Winter Season filing.

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Date Request Received: 04/06/12  
Request No. Staff 1-5

Date of Response: 04/13/12  
Witness: Christopher A. Kahl

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**Request**

Re. Working Capital Allowance in Summary Schedule and Kahl testimony, page 19. As a result of the base rate proceeding in DG 11-069 will there be any additional true-up of the Working Capital Allowances for prior cost of gas periods?

**Response:**

As stated on Page 8 of the Settlement Agreement in that proceeding, Working Capital Allowances will be trued-up beginning August 1, 2011. These true-ups will occur in the 2011-2012 Winter Season and 2012 Summer Season annual reconciliations to be submitted in the Company's 2012-2013 Winter Season and 2013 Summer Season Cost of Gas proceedings, respectively.

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PUC Staff Information Requests – Set 1

Date Request Received: 04/06/12  
Request No. Staff 1-6

Date of Response: 04/13/12  
Witness: Christopher A. Kahl

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**Request**

Re. Kahl testimony, page 21. As a result of the base rate proceeding in DG 11-069 will there be any additional true-up of the Local Production and Storage Expense for prior cost of gas periods? Same question for Miscellaneous Overhead Expense?

**Response:**

As stated on Pages 7 and 8 of the Settlement Agreement in that proceeding, indirect costs comprised of Production and Storage Capacity, Dispatching and Acquisition, and Other A&G costs will be trued-up beginning August 1, 2011. The true-up of these costs will occur in the Winter Season 2011-2012 annual reconciliation which is included in the 2012-2013 Winter Season Cost of Gas proceeding.

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PUC Staff Information Requests – Set 1

Date Request Received: 04/06/12  
Request No. Staff 1-7

Date of Response: 04/13/12  
Witness: Francis X. Wells

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**Request**

There appears to be a discrepancy in reported hedging losses in the testimony and supporting schedules. Re. Wells testimony, page 16, line 24. Explain why the \$328,400 hedging loss, also reflected in Schedule 7, is not the same loss shown in the Summary Schedule, line 10, Schedule 1B, line 15, Schedule 3A, line 48, Schedule 9, line 12 or proposed revised tariff page 38? Please note there may be other schedules in the filing that possibly need to be updated to reflect the correct hedging losses.

**Response:**

The hedging loss that is referenced on Page 16 of my testimony, and in Schedule 7, refers to Northern's total hedging loss. The hedging loss listed in Schedules 1B, 3A, 9, and the Summary Schedule refer to only the portion of the hedging loss allocated to the New Hampshire Division. The allocation of hedging losses to the New Hampshire Division is calculated on line 75 of Schedule 22.

In Northern's 2012/2013 Winter Period Cost of Gas filing, Schedule 7 will be relabeled to clarify that total hedging gains and losses pertain to both Divisions of the Company.

No schedules in the filing need to be updated regarding this matter.

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PUC Staff Information Requests – Set 1

Date Request Received: 04/06/12  
Request No. Staff 1-8

Date of Response: 04/13/12  
Witness: Francis X. Wells

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**Request**

Re. Schedule 1B, line 10. Please provide (perhaps as schedule 1C?) LAUF and Company Use on separate lines along with the schedule described in Fran Wells' testimony, used to determine these forecast values. Also reflect actual values for each in prior period cost of gas reconciliations.

**Response:**

Please refer to page 174 of 238 of the filing. This is Page 3 of Attachment 2 to Schedule 10B. This schedule provides estimated LAUF and Company Use separately. The historical data used to forecast LAUF and Company Use was provided in Docket No. DG 11-207, the Company's 2011/2012 Winter Period COG, in response to Staff Data Request 1-2.

Northern will provide historical LAUF and Company Use data as support for its forecast with its 2012/2013 Winter Period COG filing. Also, Northern will show LAUF and Company Use separately on Schedule 1B in its 2012/2013 Winter Period COG filing.

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PUC Staff Information Requests – Set 1

Date Request Received: 04/06/12  
Request No. Staff 1-9

Date of Response: 04/13/12  
Witness: Joseph Conneely

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**Request**

Re. Schedule 8, typical bill analysis schedules. For each schedule, please change the calculations for both the prior winter period and the prior summer period average cost of gas values from a simple average to a weighted average unit cost of gas value. The Commission compares the prior period weighted average cost of gas value to the proposed cost of gas rate in every cost of gas order of notice. Please use this revised weighted average calculation in the Schedule 8 template for all future cost of gas filings.

**Response:**

Northern calculated the weighted average unit cost of gas value in updated Schedule 8 which will be provided in the updated 2012 Summer Season Cost of Gas Adjustment Filing. Northern will use this weighted average methodology in calculating the seasonal Cost of Gas Adjustment bill analysis schedules going forward.

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Date Request Received: 04/06/12  
Request No. Staff 1-10

Date of Response: 04/13/12  
Witness: Christopher A. Kahl

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**Request**

Re. Tab 15, the prior period reconciliation. The reconciliation should provide additional detail related to actual demand and commodity costs by pipeline, storage and supply source. Staff will work with the Company to develop reconciliation schedules to be included in future cost of gas reconciliations.

**Response:**

Detailed cost information is provided to the New Hampshire PUC audit staff as documentation for each seasonal Cost of Gas reconciliation. This cost information includes all supplier invoices as well as the monthly allocators used to determine the cost split between the New Hampshire and Maine divisions. This supplier invoice information provides support for all cost data provided in Schedule 4 of the reconciliation (Tab 15).

In Northern's Summer Season Cost of Gas filings, actual demand costs are not reconciled but are tied to the projected demand costs presented in the prior year's Summer Season Cost of Gas filing. Therefore, all demand costs are reconciled to the Winter Season. The Winter Season reconciliation provides a detailed breakdown of demand costs incurred by pipeline/supplier.

The Company will work with Staff to develop any revised listing of commodity costs.

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Date Request Received: 04/06/12  
Request No. Staff 1-11

Date of Response: 04/13/12  
Witness: Christopher A. Kahl

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**Request**

Re. Schedule 22, each line item using a NYMEX settlement price. Note the date of the NYMEX settle price in the row header.

**Response:**

This change will be implemented in all future filings starting with the updated 2012 Summer Season Cost of Gas Filing.

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Request No. Staff 1-12

Date of Response: 04/13/12  
Witness:

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**Request**

Re. Summary Page 1/Tariff Page 38. Discuss this as a project to work on prior to the 2012/13 peak period cost of gas filing. Reformat direct and indirect gas cost sub categories.

The EnergyNorth format categorizes direct gas costs into to sub-categories; those prior to adjustments (unadjusted gas costs), followed by the total adjustments section. The sum of these two sub-totals represents “Total Direct Gas Costs”.

Indirect gas cost sub-categories can then be consistent with the base rate indirect gas costs that include:

- a. Working Capital Allowance
- b. Bad Debt Allowance
- c. Production and Storage Capacity
- d. Miscellaneous Overhead

Under this format, working capital and bad debt allowance calculations will continue to use the “unadjusted” total gas cost sub-total to determine those allowances.

**Response:**

As discussed during the April 9, 2012 technical conference held in this proceeding, the Company will work with Staff to revise Summary Page 1/Tariff Page 38 in its 2012/2013 Winter Season Cost of Gas filing.