## **BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

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# NORTHERN UTILITIES, INC. Petitioner

DOCKET NO. DG 13-\_\_\_\_

# PETITION FOR APPROVAL OF CHANGES TO FINANCIAL HEDGING PROGRAM

Northern Utilities, Inc. ("Northern" or the "Company") hereby petitions the New Hampshire Public Utilities Commission ("Commission") for approval to adopt a new hedging program design, similar to that which has been proposed by Northern's Maine Division before the Maine Public Utilities Commission. Northern currently implements financial hedging in the New Hampshire Division according to the program design approved in Docket DG 09-141.

In support of its Petition, Northern states the following:

### Petitioner

Northern is a New Hampshire corporation and public utility primarily engaged in the distribution of natural gas in the greater seacoast region of New Hampshire.

### Background

Accompanying this petition is a proposal describing the current structure of the financial hedging program, the structure of the proposed program and the rationale for proposed changes. In addition, the proposal includes a table that compares the primary features of the current and proposed program design. Lastly, the proposal provides sample hedging plans under the current and proposed program designs.

As explained in the attached proposal, Northern proposes to cease purchasing futures contracts and begin purchasing call options. Purchasing futures contracts results in locking in price for the volume purchased, which protects against upward price risk, NHPUC Docket No. DE 13-\_\_\_\_ Petition for Approval of Proposed Changes to Financial Hedging Program Page 2 of 3

but also creates downward price risk since if prices fall, Northern does not receive the lower prices for the hedged volumes. In contrast, purchasing options would provide protection against very large increases in price while allowing the Company to receive lower prices when prices fall. In addition, the Company proposes to discontinue hedging the months of April, May and October.

The Company proposes a transition plan, described in the proposal, whereby it would continue to implement transactions under the current program design, as approved in DG 09-141 until the Commission rules on this petition directing the Company to adopt changes to the current design. Further, the Company proposes to liquidate any futures purchases for the period of 2014-15 within a month after Commission approval is received and to purchase options contracts needed to make up any purchases that were missed for the 2014-15 period prior to approval. These purchases would also be made within one month of Commission approval.

# **Description of Exhibits**

Attached to this Petition are the following Exhibits:

Exhibit RSF-1:	Northern Utilities, Inc., Proposed Changes to Hedging Program
	and attached exhibit.
Exhibit RSF-2:	Affidavit of Robert S. Furino

#### **Request for Approvals**

Northern respectfully requests that the Commission issue an order containing the following approvals:

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1. Approve Northern's implementation of the proposed changes to the financial hedging program described herein and in the attached proposal;

2. Approve Northern's transition plan as described herein and in the attached proposal.

## Conclusion

For the foregoing reasons, Northern requests that the Commission approve the proposed change to the financial hedging program.

Respectfully submitted,

NORTHERN UTILITIES, INC. By its Attorney:

Gary Epler

Chief Regulatory Attorney Unitil Service Corp. 6 Liberty Lane West Hampton, NH 03842-1720 603.773.6440 (direct) 603.773.6640 (fax) epler@unitil.com

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