

THE STATE OF NEW HAMPSHIRE



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May 4, 2007

RE: DG 07-033, Northern Utilities, Inc.
Order No. 24,743

To the Parties:

Enclosed are revised pages 4 and 10 of Order No. 24,743 (April 27, 2007). On page 4, line 8, "\$0.0.9871" has been changed to "\$0.9871." On page 10, in the table, the "Minimum COG" and "Maximum COG" numbers have been corrected. All other portions of this order remain unchanged.

Please substitute the enclosed revised pages to your copy of Order No. 24,743.

Very truly yours,

A handwritten signature in black ink, appearing to read "Debra A. Howland".

Debra A. Howland
Executive Director and Secretary

Enclosures
cc: Service List
Docket File

ratios, which are more fully described below. The resulting C&I low winter use COG rate is \$0.8556 per therm and the resulting C&I high winter use COG rate is \$0.9523 per therm.

2. Reasons for the Decrease in the Residential COG Rate and Bill Impacts

The decrease in the proposed Residential COG rate, as compared to last summer's rate, can be primarily attributed to a decrease in demand charges and a prior period over-collection.

Northern's proposed 2007 summer season residential COG rate of \$0.9040 per therm represents a decrease of \$0.0831 per therm from the average weighted 2006 summer season residential COG rate of \$0.9871 per therm. The combined impact of the proposed firm sales COG rate and a prior change in the local delivery adjustment clause rate is a decrease in the typical residential heating customer's summer gas costs of \$27, which represents a 5.4 percent decrease from last summer's rates.

3. Simplified Market-Based Allocation

Northern filed this COG calculation based on a new methodology of allocating costs referred to as a simplified market-based allocation. Company witness Ferro testified that this method allows for much better commodity price signals for Northern's C&I customers as compared to the current market-based allocation method. The simplified method creates three categories of supply resources and associated costs: (1) pipeline natural gas, (2) underground storage natural gas, and (3) delivered and on-site peaking supply. The simplified market-based allocation method uses a normal year forecast to allocate average pipeline capacity and commodity costs to the base use portion of the load curve with all remaining supply costs being allocated to the remaining load. The simplified method then allocates all remaining capacity not used in the normal year forecast on a design day basis. This method more accurately assigns capacity to customer class groupings based on the load profiles, or shapes, of the groupings. The

resolved. We also note that the COG reconciliations for the winter 2005-2006 and summer 2006 periods are dependent on the outcome of our deliberations on the first of these two issues.

Based upon the foregoing, it is hereby

ORDERED, that Northern's proposed 2007 Summer Season COG rates for the period of May 1, 2007 through October 31, 2007 are APPROVED, subject to revision, effective for service rendered on or after May 1, 2007 as follows:

	Cost of Gas	Minimum COG	Maximum COG
Residential	\$0.9040	\$0.7232	\$1.0848
C&I, Low Winter Use	\$0.8556	\$0.6845	\$1.0267
C&I, High Winter Use	\$0.9523	\$0.7618	\$1.1428

; and it is

FURTHER ORDERED, that Northern may, without further Commission action, adjust the approved COG rates upward or downward monthly based on Northern's calculation of the projected over- or under-collection for the period, but the cumulative adjustments shall not vary more than twenty percent (20%) from the approved unit costs of gas; and it is

FURTHER ORDERED, that Northern shall provide the Commission with its monthly calculation of the projected over- or under-calculation, along with the resulting revised COG rates for the subsequent month, not less than five (5) business days prior to the first day of the subsequent month. Northern shall include revised tariff pages 38 & 39 - Calculation of Cost of Gas Adjustment and revised rate schedules under separate cover letter if Northern elects to adjust the COG rates; and it is

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FILING INSTRUCTIONS: PURSUANT TO N.H. ADMIN RULE PUC 203.02(a),
WITH THE EXCEPTION OF DISCOVERY, FILE 7 COPIES (INCLUDING COVER LETTER) TO:
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