

Supplemental Testimony of Francis X. Wells

**NORTHERN UTILITIES, INC.
NEW HAMPSHIRE DIVISION**

WINTER 2011-2012 COST OF GAS

DG 11-207

Supplemental Prefiled Testimony of Francis X. Wells

October 17, 2011

I. Introduction

Q. Please state your name, business address and position.

A. My name is Francis X. Wells. My business address is 6 Liberty Lane West, Hampton, New Hampshire, and I am employed as Manager of Gas Supply for Unitil Service Corp. ("Unitil").

Q. What is the purpose of this supplemental prefiled testimony?

A. The purpose of this testimony is to provide the Commission with information relating to the updates and corrections to the initial cost of gas ("COG") filing made by Northern Utilities, Inc. ("Northern") for its New Hampshire Division on September 15, 2011. These updates and corrections are reflected in a filing made by Northern contemporaneously with this supplemental prefiled testimony.

1
2 **Q. Please summarize the updates and corrections that you made in**
3 **connection with Northern's revised COG filing in this docket.**

4 1. I have updated Schedule 5A (Estimated Gas Supply Demand Costs) and Schedule
5 5B (New Hampshire Division Capacity Assignment Demand Revenue Estimates) to
6 reflect the following changes.

7 a. The Tennessee Demand Rates on Revised Page 2 of Attachment to Schedule
8 5A have been updated to reflect the settlement agreement filed in the
9 Tennessee Rate Case on September 30, 2011 and the Chief Judge's Order
10 granting Tennessee's Motion to implement interim settlement rates..

11 b. The TransCanada Demand Rates on Revised Page 2 of Attachment to
12 Schedule 5A have been updated to reflect the NEB's Order on September 13,
13 2011. Attachment 2 to Schedule 5A has been added to the filing to document
14 the changes in rates effective for the months of November and December
15 2011 of the forecast.

16
17 2. Due to the changes, discussed in Item 1, above, Northern's annual demand cost
18 presented in Schedule 5A has decreased from \$41,634,403 in the initial filing to
19 \$39,468,889 in this updated filing. This is a reduction of \$2,165,514. This change
20 is due to the decreases in Tennessee and TransCanada demand rates from the
21 initial filing estimates. Revised Pages 1 through 4 have been submitted in this

1 filing. Pages 5 and 6 of Schedule 5A, which contain confidential information, do
2 not require updates and have not been provided with this filing.

3
4 3. Due to the changes discussed in Item 1, above, the annual New Hampshire
5 Division Capacity Assignment Demand Revenue, presented in Schedule 5B, has
6 increased from (\$3,924,022) in the initial filing to (\$3,574,514) in this updated filing,
7 an increase of \$349,508. This change is due to the decreases in Tennessee and
8 TransCanada demand rates, noted above, and a correction of a calculation error in
9 the initial filing of the Granite NH Annual Cap Assign Credit, on page 2 of the
10 schedule. In the initial filing, the credit was (\$332,282); the correct amount is
11 (\$198,313).

12
13 4. Schedule 2 (Estimated Delivered City-Gate Costs and Volumes), Schedule 6A
14 (Commodity Cost by Supply Source), Schedule 6B (City-Gate Cost Calculations),
15 Schedule 14 (Storage Analysis), and Schedule 7 (Hedging Gains and Losses)
16 have been updated to reflect the following changes.

17 a. The NYMEX price forecast on Revised Page 1 of the Attachment to Schedule
18 5A was updated from settlement prices as of September 6, 2011 to settlement
19 prices as of October 10, 2011. The average monthly NYMEX price for the
20 November 2011 through April 2012 period has decreased from \$4.30 per Dth
21 to \$3.89 per Dth.

1 b. The Beginning Inventory Rate as of November 1, 2011 for Washington 10
2 storage has been updated from \$4.40 per Dth in the initial filing to \$4.38 per
3 Dth. The Beginning Inventory Rate as of November 1, 2011 for Tennessee
4 storage has been updated from \$4.46 per Dth in the initial filing to \$4.50 per
5 Dth. The Beginning Inventory Rate as of November 1, 2011 for LNG storage
6 has been updated from \$6.60 per Dth in the initial filing to \$6.59 per Dth.

7 c. The Tennessee Variable Transportation Rates on Revised Page 2 of
8 Attachment to Schedule 5A have been updated to reflect the settlement
9 agreement filed in the Tennessee Rate Case on September 30, 2011.

10
11 5. Due to the changes, discussed in Item 4, above, Northern's winter commodity
12 costs, presented in Schedules 2 and 6A, have decreased from \$26,633,877 at an
13 average rate of \$4.85 per Dth in the initial filing to \$25,647,099 at an average rate
14 of \$4.67 per Dth in this updated filing, a decrease equal to \$986,778. This change
15 is due to the decreases in projected NYMEX prices and inventory costs, which are
16 partially offset by an increase in Tennessee variable rates from the initial filing
17 estimates. Schedule 6B provides supporting calculations for these costs.

18
19 6. Due to the changes, discussed in Item 4, above, the Company's winter hedging
20 losses, presented in Schedule 7, have increased from \$962,890 in the initial filing
21 to \$1,336,540 in this updated filing, which is an increase of \$373,650. This change
22 is due to the decreases in projected NYMEX prices.

1

2 **Q. Does this conclude your supplemental testimony?**

3 **A. Yes it does.**