

Attachment 1
Summary of Rate Revision

Northern Utilities, Inc.
New Hampshire Division

Updated Peaking Service Demand Charge Filing
Effective March 1, 2018
Docket No. DG 17-174

Prepared by: Francis Wells, Manager, Supply Planning, Unitil Service Corp.

Northern Utilities, Inc. ("Northern" or "the Company") is filing herewith its updated Peaking Service Demand Charge for effect March 1, 2018. The filing is submitted in order to recover the demand costs associated with an additional purchase of LNG supply in January 2018.

Due to extreme cold temperatures experienced in December 2017 and early January 2018, Northern's projected demand loads were much higher than forecast. As a result, Northern utilized its peaking supply much sooner than projected. In early January 2018, the Company realized that it needed to acquire additional resources and entered into a several incremental contracts including an LNG contract for 35,000 Dth of additional supply. The cost for the additional LNG supply includes a demand cost of \$700,000.

LNG demand costs are allocated to both Sales Service and non- exempt Delivery Service customers. For Sales Service customers, the additional supply costs are recovered through an adjustment to the Cost of Gas rate. For non-exempt Delivery Service customers, the additional LNG supply cost is recovered through the Peaking Service Demand Charge.

The calculation of updated Peaking Service Demand Charge is provided in Attachment 2. This Attachment represents an update to Schedule 5B, Page 6 of 7, in Northern's 2017 / 2018 Annual Cost of Gas filing. As shown in this Attachment, the cost impact of the additional LNG supply will raise the Peaking Service Demand Charge from its current price of \$35.51 to \$89.47. However, although the proposed updated Peaking Service Demand Charge will not take effect until March 1, 2018, Northern intends to allow non-exempt Delivery Service customers to utilize the additional LNG Supply on February 1, 2018. This will, in effect, result in a lower demand charge over the February through April period than the proposed demand charge in effect on March 1. Thus, assuming the demand charge was effective at the same time as the additional LNG supply becomes available, the effective demand charge for the February – April 2018 period would be \$71.52.

Northern Utilities, Inc.
NH Division Peaking Capacity Assignment Demand Rate
November 2017 through October 2018

Line	Description	Northern	11/1/2017 - 2/28/2018	3/1/2018 - 4/30/2018
1	Capacity Allocation Factor		44.82%	44.61%
2	Peaking Plants	6,500	2,913	2,900
3	Total	6,500	2,913	2,900
4	LNG Contract Demand Costs	\$ 446,250	\$ 133,340	\$ 66,357
5	LNG Contract 3 Demand Costs	\$ 700,000		\$ 312,270
6	Peaking Plants Fixed Costs	\$ 420,658	\$ 280,439	\$ 140,219
7	Total On-System Peaking Fixed Costs	\$ 932,625	\$ 413,778	\$ 518,847
8	NH Division Peaking Service Demand Rate		\$ 35.51	\$ 89.47