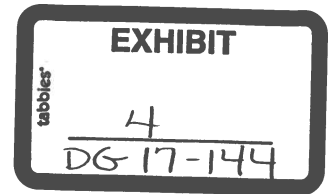


Northern Utilities, Inc.  
Docket No. DG 17-144  
Peaking Service Demand Charge  
Staff Data Requests – Set 1



Received: February 2, 2018

Date of Response: February 8, 2018

Request No. Staff 1-1

Witness: Christopher Kahl

**Request:**

Please explain the Company's authority to adjust the Peaking Service Demand Charge during the Peak Season in light of Company's Terms & Conditions, Section 14, Peaking Service, and Appendix A (Tariff page 153).

**Response:**

The Company's Delivery Service Terms and Conditions, Section 14, Peaking Service, paragraph 14.3, Rates and Charges, establishes a Peaking Service Demand Charge to be "[u]pdated effective every November 1 to reflect the Company's Peaking resources and associated costs." Section 1, Rates and Charges, paragraph 1.3, states, "(i)n the event the Company incurs minimum bill, inventory, transition, take or pay, imbalance, or any other charges associated with the provision of Delivery Service to Customers, the Company may impose an additional charge on the Suppliers serving said Customers as approved by the NHPUC."

Sections 1 and 14 of its tariff establish authority to file for Commission approval to collect during the Peak Season the additional fixed costs associated with its (LNG) peaking resources and to impose an additional charge on Suppliers serving Delivery Service Customers. Moreover, the Company believes that the tariff does not constrain the Company from requesting, or the Commission from considering, a change in the Peaking Service Demand Charge pursuant to RSA chapter 378 or the Commission's Puc 1600 rules, including Puc 1603.05.

Northern Utilities, Inc.  
Docket No. DG 17-144  
Peaking Service Demand Charge  
Staff Data Requests – Set 1

Received: February 2, 2018

Date of Response: February 8, 2018

Request No. Staff 1-2

Witness: Christopher Kahl

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**Request:**

Did the Company change any of the charges in Appendix A during the peak season in the past? Please explain any such changes in detail.

**Response:**

Northern has not made any changes to the charges listed in Appendix A during the peak season since its acquisition by Until Corporation.

The Supplier Balancing Charge and Peaking Service Demand Charge are determined, in part, by the Company's projected demand costs. Typically, actual changes in demand costs during the Winter Season are small and have no impact on the charges in Appendix A. The additional LNG purchased this winter is an unusual occurrence, includes a significant demand cost and has a material impact on the Peaking Service Demand Charge.

**REDACTED**  
Northern Utilities, Inc.  
Docket No. DG 17-144  
Peaking Service Demand Charge  
Staff Data Requests – Set 1

Received: February 2, 2018  
Request No. Staff 1-3

Date of Response: February 8, 2018  
Witness: Francis X. Wells

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**Request:**

How did the Company determine the amount of additional supplies and associated cost (Attachment 1, Summary of Rate Revision)? Please explain with supporting documents, analysis etc.

**Response:**

The additional LNG Contract reported in Attachment 1 and included in the Peaking Service Demand Charge was part of a portfolio of mid-winter supply transactions the Company entered into with the objectives of assuring that adequate supplies remained over the rest of the winter period and reducing exposure to daily index prices. The LNG Contract is for up to 35,000 Dth of additional supply available from January 15, 2018 through October 31, 2018. This additional LNG supply was part of several mid-winter transactions, which were not reflected in the original cost of gas filing. These transactions are listed below:

- January 2018: 2,500 Dth per Day PNGTS Delivered Baseload
- January 13, 2018 through January 31, 2018: 5,000 Dth and 2,500 Dth per Day Maritimes Delivered Baseload
- February 2018: 5,000 Dth and 2,500 Dth per Day Maritimes Delivered Baseload
- January 15, 2018 through October 31, 2018: LNG Contract 3, up to 35,000 Dth of LNG

[Begin CONFIDENTIAL]



[End CONFIDENTIAL]

Among the transactions listed above, only LNG Contract 3 is subject to assignment under the Delivery Service Terms and Conditions. The other supplies are for Northern's sole use in serving sales service customers.

During the 13-day period from December 26, 2017 through January 7, 2018, Northern's system hit new all-time peaks several times. Both peaking supply and LNG contract

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Witness: Francis X. Wells

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volumes were utilized at high levels. The Company's off-system peaking contracts are priced at the Tennessee Zone 6 daily index, which averaged \$31 per Dth over this period and peaked at \$91 per Dth. During this period, the Company actively sought to minimize its takes under contracts subject to the daily index. Since it was relatively early in the winter, the Company became concerned that a second cold snap was still possible so the Company purchased additional supplies with the objective of assuring gas supply reliability and limiting further exposure to daily index pricing.

Attachment Staff 1-3 is the Company's analysis supporting the need for additional supplies at the time the additional LNG contract was entered. This analysis considered peaking supply and LNG Contract utilization to date, the most recent weather forecast for the next 7 days, design winter sales service demands (after the 7-days weather forecast) for both New Hampshire and Maine Divisions and the incremental baseload purchases entered into. The model shows on the worksheet named, "Design Dispatch Analysis," on column Z, rows 1-6 that the Company required approximately 80,000 Dth of additional supplies to meet design conditions.

Northern Utilities, Inc.  
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Peaking Service Demand Charge  
Staff Data Requests – Set 1

Received: February 2, 2018

Date of Response: February 8, 2018

Request No. Staff 1-4

Witness: Christopher Kahl

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**Request:**

Please explain how approval or disapproval of the rate change would impact relevant customer groups (Delivery Service customers, Sales Service customers). Please provide supporting analysis.

**Response:**

As shown in Attachment 2 of Northern's January 29, 2018 filing, the New Hampshire Division will incur \$312,270 (44.61% of \$700,000) in additional LNG demand costs. Of this amount, the allocation to marketers is estimated to be \$57,269, which is based on the MDQs of current (as of 2/1/18) non-exempt Delivery Service customers being served by third-party suppliers. This figure is derived by multiplying the MDQ of assigned Peaking Service (534 Dth) times the difference between the proposed and the current Peaking Service Demand Rates (\$89.47 minus \$35.51 per Dth = \$53.96 per Dth) times the two-month duration of the proposed Peaking Service Demand Rate.

If Northern's proposal is not approved, this additional cost would, instead, be assigned to Sales Service customers in the 2018 / 2019 annual cost of gas and reflected in the annual reconciliation balance. Conversely, under Northern's proposal, both Sales Service and non-exempt Delivery Service customers pay the same per unit demand rate for the additional LNG supply.

Northern Utilities, Inc.  
Docket No. DG 17-144  
Peaking Service Demand Charge  
Staff Data Requests – Set 1

Received: February 2, 2018

Date of Response: February 8, 2018

Request No. Staff 1-5

Witness: Christopher Kahl

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**Request:**

Please provide a comparative analysis of forecasted and actual quantities and revenues for the peak season to date for each of the customer groups.

**Response:**

Please see Attachment Staff 1-5. This Attachment compares projected vs. actual sales and transportation volumes as well as projected vs. actual cost of gas revenues. Also, total projected vs. actual distribution revenues are provided. However, projected distribution revenues are not broken out between sales and transportation customers and, therefore, are not provided.

Forecast vs. Actuals - November 2017 - through January 2018

	Residential	Low Load Factor	High Load Factor	Total Sales	Transportation	Total System
Sales (therms)						
Forecast	7,482,410	6,920,336	1,124,526	15,527,272	13,376,608	28,903,880
Actual	7,735,719	7,627,175	1,274,483	16,637,377	13,243,770	29,881,147
Cost of Gas Revenues						
Forecast	\$5,314,756	\$5,007,555	\$699,905	\$11,022,216		
Actual	\$5,337,058	\$5,406,696	\$749,182	\$11,492,936		
Total Distribution Revenues*						
Forecast						\$11,650,720
Actual						\$12,022,875

\*: Excludes cost of gas revenues

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Docket No. DG 17-144  
Peaking Service Demand Charge  
Staff Data Requests – Set 1

Received: February 2, 2018

Date of Response: February 8, 2018

Request No. Staff 1-6

Witness: Francis X. Wells  
& Christopher Kahl

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**Request:**

Please explain what steps the Company has taken or is planning to take to avoid repetition of similar mid-season rate changes.

**Response:**

Northern's decision to purchase additional supplies of LNG was mainly due to the extreme cold weather conditions experienced in late December 2017 and early January 2018. During this period, Northern's total system sendout exceeded its previous record of 135,798 Dth on six separate occasions. Although the Company does plan for cold snaps and extreme weather, Northern will, on occasion, experience weather conditions that force it to purchase additional supply mid-season.

In an effort to reduce Northern's price exposure to mid-season incremental purchases, it has entered into two new pipeline transportation contracts; one for 7,500 Dth/day of capacity on the Atlantic Bridge project and one for 10,000 Dth/day of capacity on the Portland Xpress Project. Both of these projects provide greater access to liquid supply points and will help meet Northern's future peaking requirements thereby allowing the Company to avoid unanticipated LNG supply purchases in the future. Even after these capacity additions, Northern will continue to have need for off-system supplies and will continue to explore on-system and off-system options to limit exposure to New England daily index prices.



Northern Utilities, Inc.  
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Peaking Service Demand Charge  
Staff Data Requests – Set 1

Received: February 2, 2018

Date of Response: February 8, 2018

Request No. Staff 1-7

Witness: Francis X. Wells

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**Request:**

Please provide the peaking demand resource usage data for the peak season to date.  
Please compare the actual usage with the forecasted usage of those resources.

**Response:**

The table below provides the usage data for the Lewiston LNG Plant, which is the peaking resource assigned via Peaking Service.

Northern Utilities, Inc.			
Lewiston LNG Plant Production (Dth)			
	Nov-17	Dec-17	Jan-18
Forecast	2,145	20,931	32,819
Actual	1,173	17,564	30,520