

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 17-144

NORTHERN UTILITIES, INC.

Peaking Service Demand Charge

Order Approving Increase in Demand Charge

ORDER NO. 26,120

April 18, 2018

APPEARANCES: Gary Epler, Esq., on behalf of Northern Utilities, Inc.; Orr and Reno by Douglas L. Patch, Esq., on behalf of Direct Energy Business Marketing, LLC; the Office of Consumer Advocate by Brian Buckley, Esq., on behalf of residential ratepayers; and Alexander F. Speidel, Esq., on behalf of Commission Staff.

This order approves the petition of Northern Utilities, Inc., to increase its Peaking Service Demand Charge from \$35.51 to \$89.47 per MMBtu of Maximum Daily Peaking Quantity per month through the end of April 2018 on a bills-rendered basis.

I. PROCEDURAL BACKGROUND

In Order No. 26,068 (October 31, 2017), the Commission approved a Peaking Service Demand Charge for Northern Utilities, Inc. (Northern or Company), of \$35.51 per MMBtu of Maximum Daily Peaking Quantity for competitive natural gas suppliers that use Northern's distribution system to deliver gas to their supply customers. On January 29, 2018, Northern filed a petition to increase the charge from \$35.51 to \$89.47 per MMBtu of Maximum Daily Peaking Quantity through the end of April 2018, effective March 1, 2018. Northern filed supporting tariff pages with its petition.

Order No. 26,100, issued on February 1, 2018, suspended Northern's proposed tariff revisions related to the charge and scheduled a hearing for February 26, 2018. Direct Energy

Business Marketing, LLC (Direct), a competitive natural gas supplier active in New Hampshire, filed a motion to intervene. At the hearing, the Commission granted Direct's motion. The Office of the Consumer Advocate (OCA) participated in the proceeding. Commission Staff (Staff) took discovery from Northern on the proposal and submitted the Company's responses at the hearing. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-144.html>.

II. POSITIONS OF PARTICIPANTS

A. Northern

With its petition, Northern provided a technical statement by Francis Wells, Manager, Supply Planning, for the Company's service affiliate, Unitil Service Corp. As explanation for the increased charge, Mr. Wells stated the following:

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 several incremental contracts including an [Liquefied Natural Gas (LNG)] contract for 35,000 [Dekatherms] 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 [COG] rate. For non-exempt Delivery Service customers, the additional LNG supply cost is recovered through the [charge].

Exh. 3, Attachment 1.

At the hearing, Christopher Kahl, Senior Regulatory Analyst, Unitil Service Corp., provided additional testimony. According to Mr. Kahl, Northern believes it has the authority to seek revision of the charge rate in the latter phases of the COG season pursuant to RSA Chapter 378. Mr. Wells stated the additional LNG supplies procured by Northern in January

2018 bolstered gas supplies at its LNG peaking plant, in Lewiston, Maine, which services the entire Northern distribution system. This plant benefits both Northern's Maine and New Hampshire Divisions. It operated at a higher rate from late December 2017 through early January 2018 due to weather conditions.

Mr. Wells explained that the \$700,000 incurred by Northern for resupply to the Lewiston plant were strictly for truck deliveries of LNG. This total figure would be divided between the Maine and New Hampshire Divisions, based on Commission-approved interstate capacity allocation factor percentages. Utilizing those percentages, Northern expected \$57,269 would be allocated to the competitive natural gas marketers active in the New Hampshire Division, with recovery to be made through the increased charge.

B. Direct

Direct opposed Northern's petition and recommended that the Commission instead facilitate collaboration among marketers, Staff, the OCA, and Northern, to address issues related to notice of potential expenditures that could impact the Peaking Service Demand Charge during similar situations in future.

C. OCA

The OCA recommended approval of the increased charge, considering it just and reasonable. It also endorsed the potential collaboration with Northern, marketers, and Staff proffered by Direct.

D. Staff

Staff recommended approval of Northern's proposal. In Staff's view, the resulting rate would be just and reasonable. Staff also endorsed the collaboration between participants.

III. COMMISSION ANALYSIS

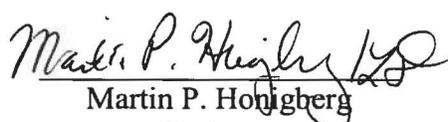
We conclude that the proposed increase in the Peaking Service Demand Charge will result in just and reasonable rates under the standards of RSA Chapter 378, and approve it on a bills-rendered basis effective March 1 through April 30, 2018. The increase is the result of efforts by Northern to assess, on the basis of cost causation, the component of supply-support service that could reasonably be assessed to competitive natural gas suppliers relying on Northern's distribution system, under difficult operational conditions such as those experienced in late December and early January.

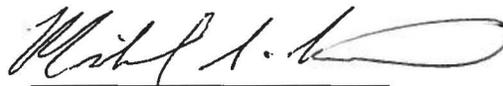
We also find that collaboration among Staff, Northern, the OCA, and marketers during the pendency of the next COG season regarding the issues raised in this proceeding could be beneficial, and therefore encourage such efforts.

Based upon the foregoing, it is hereby

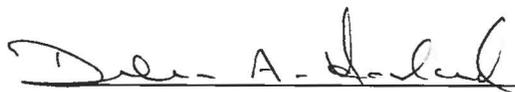
ORDERED, that Northern Utilities, Inc.'s petition to increase its Peaking Service Demand Charge from \$35.51 to \$89.47 per MMBtu of Maximum Daily Peaking Quantity per month through the end of April 2018 is APPROVED on a bills-rendered basis.

By order of the Public Utilities Commission of New Hampshire this eighteenth day of April, 2018.


Martin P. Houghberg
Chairman


Michael S. Giaimo
Commissioner

Attested by:


Debra A. Howland
Executive Director