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VIA ELECTRONIC FILING AND OVERNIGHT DELIVERY

Debra A. Howland  
Executive Director and Secretary  
New Hampshire Public Utilities Commission  
21 S. Fruit St., Suite 10  
Concord, New Hampshire 03301

Re: DG 07-033 - Northern Utilities, Inc.

Dear Ms. Howland:

On May 25, 2007, the Staff ("Staff") of the New Hampshire Public Utilities Commission ("Commission") filed its simultaneous brief in Docket DG 07-033, pertaining to the cost of gas adjustment mechanism for Northern Utilities, Inc. ("Northern"). Because of the simultaneous briefing schedule, Northern did not have the opportunity to reply to Staff's brief under the procedural schedule. After reviewing Staff's brief, Northern regretfully believes that Staff has made material misstatements of the evidence that Northern seeks to clarify for the Commission. Without Northern's clarification, the Commission is at risk of relying on statements that directly contravene the record evidence. Accordingly, Northern respectfully requests that, with good cause shown, Northern be permitted to respond in this brief letter reply.

Staff's brief repeatedly asserts that Northern accounts for only 1/2 month of revenues for the first months of each season, while reflecting a full month of costs. See, Staff Brief, page 6, Section C. However, in doing so, Staff ignores the evidence replete in Mr. Ferro's testimony that, in that same first month, Northern records 1/2 month of revenues in the "off-season" account with zero associated costs. Thus, the record is clear that Northern reflects a full month of revenues and a full month of costs.

Staff's brief also contends that the annual averages used in Northern's Lead-Lag study reflect monthly differences. See, Staff Brief, page 8, Section E. 1. However, this is flatly incorrect. Staff ignores the record evidence of Northern, through Mr. Ferro's prefiled and in-hearing testimony and in Northern's responses to information requests, that its lead lag study reflects a simple average of the annual data. The record is replete that Northern's simple average of the annual data does not reflect monthly differences; thus, does not compensate Northern for the impact of monthly volumetric differences on monthly costs versus revenues throughout the year.



If you have any questions or need additional information, please do not hesitate to call me. Also, please return one copy of this letter bearing the Commission's receipt stamp in the return envelope, which has been provided for your convenience.

Very truly yours,

*Patricia M French*  
Patricia M. French (ssg)

Enclosures

cc: F. Anne Ross, Esq., Staff Counsel  
Kenneth Traum, OCA  
Joseph A. Ferro