

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 07-033

ORDER OF NOTICE

On March 15, 2007, Northern Utilities, Inc. (Northern), a public utility engaged in the business of distributing natural gas in the seacoast area of New Hampshire, filed with the New Hampshire Public Utilities Commission (Commission) its Cost of Gas (COG) for the period May 1, 2007 through October 31, 2007 (2007 Summer Season).

Northern proposes an average 2007 Summer Season COG rate of \$0.8805 per therm, which is the rate applicable to residential customers. This rate, however, could be adjusted monthly within a range from \$0.7044 per therm to \$1.0566 per therm without further Commission approval. The 2007 Summer Season Residential COG rate is a decrease of \$0.1066 per therm when compared to the 2006 Summer Season actual weighted Residential COG rate of \$0.9871 per therm. The estimated impact on a typical residential heating customer's Summer Season gas costs will be a decrease of \$35, or 6.9% compared to the 2006 Summer Season, reflecting both the proposed decrease in the COG rate and changes in the Local Distribution Adjustment Charge since last summer.

For the Commercial and Industrial (C&I) Low Winter Use rate classes, Northern proposes a COG rate of \$0.8306 per therm for the 2007 Summer Season. This rate could be adjusted monthly within a range from \$0.6645 per therm to \$0.9967 per therm without further Commission approval. This rate is a decrease over the comparable 2006 Summer Season rate in an amount commensurate with the Residential COG rate decrease.

For the C&I High Winter Use rate classes Northern proposes a COG rate of \$0.9272 per therm for the 2007 Summer Season. This rate could be adjusted monthly within a range from \$0.7418 per therm to \$1.1126 per therm without further Commission approval. This rate is a decrease over the comparable 2006 Summer Season rate in an amount commensurate with the Residential COG rate decrease.

Northern's filing proposes the use of a Simplified Market Based Allocation to derive COG rates rather than the current methodology that uses the seasonal average cost and applies C&I load factor ratios, stating that the new methodology allows for much better commodity pricing for C&I customers compared to the current method.

On March 13, 2007, Staff and the OCA filed a report with the Commission expressing the belief that Northern is over-collecting the costs of timing differences between costs and revenue and recommending a modification of the COG reconciliation calculation.

The filing raises, inter alia, issues related to: RSA 378 and the just and reasonableness of rates, fares and charges; the reasonableness of sales forecasts, supplier prices, and transportation prices; reconciliation of prior period costs and revenues; the causes and treatment of the prior period over recovery; appropriate interest charges related to timing differences between costs and revenues; and rate impacts. Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, that the following procedural schedule is established:

Technical Session	April 12, 2007
Staff & Intervenor Testimony	April 16, 2007
Company Rebuttal Testimony	April 19, 2007

Hearing

April 23, 2007

with the technical session and hearing to be held at the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire commencing at 10:00 a.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Admin Rules Puc 203.12, Northern shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than March 26, 2007, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before April 23, 2007; and it is

FURTHER ORDERED, that pursuant to RSA 541-A:32, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Northern and the Office of the Consumer Advocate on or before April 18, 2007, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as required by RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before April 23, 2007; and it is

FURTHER ORDERED, that, pending Commission ruling on a petition to intervene, any interested party seeking intervention be allowed to participate in the April 12, 2007 technical session.

By order of the Public Utilities Commission of New Hampshire this twentieth day
of March, 2007.

A handwritten signature in cursive script, appearing to read "Debra A. Howland", is written over a solid horizontal line.

Debra A. Howland
Executive Director & Secretary

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.