

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

DG 12-273

NORTHERN UTILITIES, INC.

2012-2013 Winter Period Cost of Gas Adjustment

ORDER OF NOTICE

On September 14, 2012, Northern Utilities, Inc. (Northern), a public utility supplying natural gas service to approximately 29,000 customers in the seacoast region of New Hampshire, filed its cost of gas (COG) rates for the winter period November 1, 2012 through April 30, 2013, its local distribution adjustment clause (LDAC) charges and certain supplier charges for the period November 1, 2012 through October 31, 2013. The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2012/12-273.html>

The proposed residential COG rate is \$0.7892 per therm, a \$0.3626 per therm decrease from the weighted average residential COG rate of \$1.1518 per therm from last winter. The proposed COG rate reflects a one-time credit that is responsible for \$0.1502 of the decrease and is related to interstate allocation matters as discussed in Docket No. DG 12-131. The estimated impact of the proposed COG and LDAC rates on a typical residential heating customer's winter period bill is a decrease of approximately \$252.63, or 16.72 percent, compared to last winter's rates. The proposed commercial/industrial low winter use COG is \$0.7111 per therm and the proposed commercial/industrial high winter use COG is \$0.8037 per therm.

A variety of rates and charges comprise the LDAC charges for the coming year applicable to the different customer classes. The proposed surcharge to recover expenses and lost revenues related to the residential low income assistance program is \$0.0113 per therm, an increase of \$0.0024 per therm. The proposed surcharge to recover environmental remediation costs is \$0.0046 per therm, a decrease of \$0.0005 per therm. The proposed conservation charge for residential customers is \$0.0380 per therm, an increase of \$0.0047 per therm. The proposed conservation charge for commercial and industrial customers is \$0.0116 per therm, a decrease of \$0.0010 per therm from the current rate.

Northern is also updating its supplier balancing charges, the charges that suppliers are required to pay Northern for balancing services as Northern attempts to meet the shifting loads for the customers' supplier pools. The proposed balancing charge of \$0.77 per MMBtu of daily imbalance volumes is a decrease of \$0.01 from the current rate. In addition, the proposed peaking demand charge of \$11.03 per MMBtu of peak maximum daily quantity is a decrease of \$2.07 per MMBtu from the current rate. The changes are based on an update of the volumes and costs used in calculating the charges. In addition, the proposed capacity allocator percentages used to allocate pipeline, storage and local peaking capacity to a customer's supplier under New Hampshire's policy of mandatory capacity assignment, required for firm transportation service, have also been updated to reflect Northern's supply portfolio for the upcoming year. Finally, the proposed re-entry fee for capacity exempt (grandfathered) transportation customers that choose to revert back to firm sales service is \$7.66 per MMBtu, a decrease of \$0.34 per MMBtu from the current rate of \$8.00 per MMBtu.

The filing raises, inter alia, issues related to RSA 378 relative to the justness and reasonableness of rates, forecasting of sales, supplier prices and transportation prices, the firm sales service re-entry fee, purchasing decisions related to the current and past winter supplies and capacity, revenue projections related to transportation services and released capacity, cost allocations between Northern's New Hampshire and Maine divisions, including the matters presented in Docket No. DG 12-131, the causes and treatment of any over and under recoveries, the reconciliation of prior period costs and revenues, the recovery of expenses relative to the federal rate case litigation, and the prudence of environmental remediation costs for which recovery is being sought. Each party has the right to have an attorney represent them at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that a hearing be held before the Commission located at 21 S. Fruit Street, Suite 10, Concord, New Hampshire on October 17, 2012, at 9:00 a.m.; and it is

FURTHER ORDERED, Northern, the Staff of the Commission, and any intervenors hold a technical session at the Commission on October 2, 2012 at 9:00 a.m.; and it is

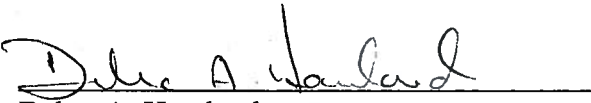
FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, Northern shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than September 27, 2012, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before October 17, 2012; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.17, 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

October 12, 2012, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 and 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 October 17, 2012.

By order of the Public Utilities Commission of New Hampshire this twenty-first day of September, 2012.


Debra A. Howland
Executive Director

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.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with: DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.