

Northern Utilities, Inc.

New Hampshire Division

2024 / 2025 WINTER & SUMMER SEASON SUPPLEMENT TO PROPOSED COST OF GAS ADJUSTMENT

WINTER RATES TO BE EFFECTIVE NOVEMBER 1, 2024

SUMMER RATES TO BE EFFECTIVE MAY 1, 2025

FILED OCTOBER 11, 2024

NORTHERN UTILITIES, INC. - NEW HAMSHIRE DIVISION
Supplemental 2024 / 2025 Annual Cost of Gas Filing

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NORTHERN UTILITIES, INC.
NEW HAMPSHIRE DIVISION
NOVEMBER 2024 / OCTOBER 2025 ANNUAL PERIOD
COST OF GAS ADJUSTMENT FILING
PREFILED SUPPLEMENTAL TESTIMONY OF
CHRISTOPHER A. KAHL

1 **Q. Please state your name and business address.**

2 A. My name is Christopher A. Kahl. My business address is 6 Liberty Lane West,
3 Hampton, New Hampshire.

4 **Q. For whom do you work and in what capacity?**

5 A. I am a Senior Regulatory Analyst for Unitil Service Corp. (“Unitil Service”), a subsidiary
6 of Unitil Corporation (“Unitil”). Unitil Service provides managerial, financial, regulatory
7 and engineering services to the principal subsidiaries of Unitil. These subsidiaries are
8 Fitchburg Gas and Electric Light Company d/b/a Unitil, Granite State Gas Transmission,
9 Inc. (“Granite”), Northern Utilities, Inc. d/b/a Unitil (“Northern” or “the Company”), and
10 Unitil Energy Systems, Inc. I am responsible for developing, providing and sponsoring
11 certain reports, testimony and proposals filed with regulatory agencies.

12 **Q. Please summarize your professional and educational background.**

13 A. I have worked in the natural gas industry for over twenty-five years. Before joining
14 Unitil in January 2011, I was employed as an Analyst with Columbia Gas of
15 Massachusetts (“Columbia”) where I had worked since 1997 in supply planning. Prior to
16 working for Columbia, I was employed as an Analyst in the Rates and Regulatory Affairs
17 Department of Algonquin Gas Transmission Company (“Algonquin”) from 1993 to 1997.
18 Prior to working for Algonquin, I was employed as a Senior Associate/Energy Consultant

1 for DRI/McGraw-Hill. I received a Bachelor of Sciences degree and a Masters of Arts
2 degree in Economics from Northeastern University.

3 **Q. Have you previously testified before the New Hampshire Public Utilities**
4 **Commission or for Unital?**

5 A. Yes, I have testified before the Commission in the 2023 / 2024 Annual Cost of Gas
6 (“COG”) proceeding, Docket No. DG 23-085 and the 2022 / 2023 Annual COG
7 proceeding, Docket No. DG 22-059. I have testified in numerous other Cost of Gas
8 proceedings as well.

9 **Q. Please explain the why Northern is submitting this supplement to its Annual COG**
10 **filing.**

11 A. Northern is submitting this supplemental filing due to an update in the Company’s
12 demand cost projection. This change was reflected in the revised filing for Northern’s
13 Maine Division and resulted in a change in the Proportional Responsibility (“PR”)
14 allocator. This change to the PR allocator, in turn, requires that Northern also include the
15 updated demand costs and revised PR allocator in a revised filing for the New Hampshire
16 division.

17 **Q. Please explain why a change to the PR allocator in the Maine division requires**
18 **Northern to submit a revision to the New Hampshire division COG.**

19 A. The PR allocator assigns and allocates all demand cost between the New Hampshire and
20 Maine divisions with each division assigned a fixed percentage of total demand costs.
21 This percentage stays fixed throughout the cost of gas year (November through October).
22 If the PR allocator changes in one division, it must change in the other division in order

1 to recover 100 percent of all demand costs, otherwise the cost allocation between division
2 wills be inequitable and total demand costs will either be over or under-collected.

3 **Q. Are any other changes being made in this supplemental filing?**

4 A. Yes, commodity costs are also being updated to reflect the latest NYMEX prices. Since
5 COG rates were being revised due to a change in demand costs, Northern determined that
6 the latest NYMEX prices should also be included in order to get a more recent indication
7 of where market prices will be during the 2024-25 winter season and 2025 summer
8 season. In addition, the Company has updated the prime rate to 8.0% which had changed
9 shortly after the initial COG filing was submitting on September 17, 2024.

10 **Q. Please explain why the Company updated its projected demand costs.**

11 A. On October 4, 2024, Granite State Gas Transmission (“Granite”) submitted a settlement
12 to the Federal Energy Regulatory Commission (“FERC”) regarding future rate increases.
13 The settlement was agreed to by Granite, the New Hampshire Department of Energy, the
14 Maine Public Utilities Commission staff, the New Hampshire Office of Consumer
15 Advocate and the Maine Office of Public Advocate. At this time, the Company expects
16 FERC to approve the settlement as filed. An update of this demand cost will provide
17 Northern with a more accurate cost estimate for the calculation of its COG rates.

18 **Q. How do the updated Granite rates impact the attachments included in the initial**
19 **COG filing.**

1 A. The change in the Granite rate impacts total Northern demand costs calculated by Mr.
 2 Wells and are reflected in Revised Attachment NUI-FXW-5. The change in the Granite
 3 rate also impacts capacity assignment revenue which is reflected in Mr. Wells Revised
 4 Attachment NUI-FXW-6.

5 **Q. Please provide Northern’s updated demand cost forecast.**

6 A. Please refer to Table 1 below, titled, “Estimated Gas Supply Demand Costs.”

Table 1. Estimated Gas Supply Demand Costs November 2024 through October 2025			
Line	Description	Amount	Reference
1.	Pipeline Demand Costs	\$ 23,348,678	REVISED Att NUI-FXW-5, Page 2 - Annual Pipeline Capacity Cost
2.	Storage Demand Costs	\$ 39,113,520	REVISED Att NUI-FXW-5, Page 2 - Annual Storage Capacity Cost
3.	Peaking Allocated Pipeline Demand Costs	\$ 1,716,337	REVISED Att NUI-FXW-5, Page 2 - Annual Peaking Capacity Cost
4.	Peaking Contract Costs	\$ 13,016,750	REVISED Att NUI-FXW-5, Page 5 - Annual Fixed Charges
5.	Asset Management Revenue	\$ (25,719,400)	REVISED Att NUI-FXW-5, Page 6 - Total Asset Management and Capacity Release Revenue
6.	Total Demand Costs	\$ 51,475,885	Sum Lines 1 through 5.

7
 8 **Q. How does this updated 2024-2025 Annual COG forecast annual demand cost**
 9 **compare with the 2023-2024 Annual COG forecast annual demand cost?**

10 A. The 2023-2024 Annual COG forecasted annual demand costs were equal to \$37,271,543.
 11 The 2024-2025 Annual COG forecasted annual demand costs are equal to \$51,475,885,
 12 reflecting an increase in forecasted annual demand costs equal to \$14,204,342 or 38%.

13 The majority of the change in projected demand cost is explained by the following.

1 1. Increase in projected Peaking Supply Demand Costs by \$8,982,750. This reflects no
2 change from the Pre-Filed Direct Testimony of Francis X. Wells (“Wells Pre-Filed
3 Testimony”).

4 2. Increase in pipeline contract capacity costs in the amount of \$4,966,792. The Wells Pre-
5 Filed Testimony had identified an increase in pipeline contract capacity costs in the
6 amount of \$2,234,152. The additional increase in the amount of \$2,732,640 is
7 attributable to higher Granite demand costs due to the expected implementation of the
8 Granite Settlement Rates.

9 Lower projected Asset Management Agreement revenue in the amount of \$254,800. This
10 reflects no change from the Wells Pre-Filed Testimony

11 **Q. Please provide Northern’s updated forecast of Capacity Assignment Demand**
12 **Revenue for the New Hampshire Division.**

13 A. Revised Attachment NUI-FXW-6 provides an updated calculation of the projected
14 Capacity Assignment Demand Revenues, reflecting the Granite Settlement rates. The
15 updated forecast of Capacity Assignment Demand Revenue for the New Hampshire
16 Division is \$6,756,159.

17 **Q. How do the changes in Mr. Well’s revised attachments impact your attachments?**

18 A. Due to the revisions in Mr. Well’s attachments, total demand costs were updated in the
19 costs of gas model and the PR Allocator, shown in Revised Attachment NUI-CAK-1, was

1 recalculated. The new PR Allocators are 59.45% for Maine and 40.55% for New
2 Hampshire¹. In addition, the updated New Hampshire Division demand costs, reflecting
3 the PR Allocator and capacity assignment revenue adjustments, are shown in Revised
4 Attachment NUI-CAK-2, and the updated demand costs allocated to each rate class are
5 shown in Revised Attachment NUI-CAK-4. Overall, demand costs for the New
6 Hampshire Division are \$771,000 higher in the winter season and about \$62,000 higher
7 in the summer season when compared to the initial filing submitted September 17, 2024.

8 **Q. Please explain the revision to the NYMEX price forecast.**

9 A. As I had previously mentioned, because Northern was already revising its COG rates due
10 to the expected change in Granite rates, the commodity costs should also be updated with
11 the most recent NYMEX prices. For this supplemental filing, Northern is using the
12 NYMEX strip price as of October 7, 2024.

13 **Q. Did the change in the NYMEX impact any schedules of Mr. Wells?**

14 A. Mr Wells did not need to submit any revised schedules regarding the updated NYMEX
15 because these changes were able to be made directly in the cost of gas model.

16 **Q. Which attachments were impacted by the change in the NYMEX?**

17 A. The change to the NYMEX is shown on Line 14 of Revised Attachment NUI-CAK-5.
18 The updated NYMEX prices are, on average, about fifteen cents higher in the winter

¹ Page 5, Lines 127 and 132 of Revised Attachment NUI-CAK-1.

1 season and seventeen cents higher in the summer season than those included in the
2 September 17th filing. This update also impacts commodity costs shown in Revised
3 Attachments NUI-CAK-6, and NUI-CAK-8 and results in an increase to New Hampshire
4 division commodity costs of approximately \$318,000 in the winter season and \$139,000
5 in the summer season.

6 **Q. Which attachments are impacted by the change in the prime rate?**

7 A. The change in the prime rate is reflected in Revised Attachment NUI-CAK-12, calculated
8 interest expense, and Revised Attachment NUI-CAK-18, projected target balance for
9 April 30, 2025.

10 **Q. What other attachments from the cost of gas model are revised?**

11 A. Four other attachments are also revised. Revised Attachment NUI-CAK-9 calculates the
12 rates for the high and low load factor C&I customers. Revised Attachment NUI-CAK-13
13 provides the calculated COG rates for each rate class and NUI-CAK-14 compares the
14 2024-25 winter and summer residential COG rates to the average rates from 2023-24
15 annual period. Lastly, I have included Revised Attachment NUI-CAK-10, the 2023-24
16 annual reconciliation. For this revision, several labels on Form III, Schedule 4 were
17 incorrect and have been corrected. Also, some totals that were inadvertently left blank
18 have also been corrected. However, these changes have no impact on the final
19 reconciliation balance.

20 **Q. Please Summarize Northern's revised 2024 / 2025 Summer Period and Winter**
21 **Period COG rates and describe how they compare to last year's rates.**

1 A. Table 2 below provides Northern’s revised 2024 / 2025 Winter Period COG rates and
 2 compares them to the average COG rates for the 2023 / 2024 Winter Period. As this table
 3 shows, Winter Period COG rates are lower than those in 2023 / 2024 by \$0.0131 and
 4 \$0.0145 for residential customers and low load factor Commercial & Industrial (“C&I”)
 5 customers respectively, and higher by \$0.0107 for high load factor C&I customers.

Table 2
Winter Period Cost of Gas Rates

Class	2024 / 2025 Proposed Rate per therm	2023 / 2024 Average Rate per therm	Percent Change From 2023/2024 Winter Period
Residential Non-Heat (R-5, R-6 & R-10)	\$0.6883	\$0.7014	(1.87)%
C & I - High Load Factor (G-50, G-51 & G-52)	\$0.6426	\$0.6319	1.69%
C & I - Low Load Factor (G-40, G-41 & G-42)	\$0.6974	\$0.7119	(2.04)%

8
 9 Table 3 below provides Northern’s revised 2024 / 2025 Summer Period COG rates and
 10 compares them to the average COG rates for the 2023 / 2024 Summer Period. As this
 11 table shows, the proposed COG rates are \$0.1046 higher for residential customers,
 12 \$0.1003 higher for high load factor C&I customers and \$0.1317 higher for low load
 13 factor C&I customers.

14
 15
 16

Table 3
Summer Period Cost of Gas Rates

Class	2024 / 2025 Proposed Rate per therm	2023 / 2024 Average Rate per therm	Percent Change From 2023 / 2024 Summer Period
Residential Non-Heat (R-5, R-6 & R-10)	\$0.4166	\$0. 3121	33.48%
C & I - High Load Factor (G-50, G-51 & G-52)	\$0.3449	\$0. 2447	40.95%
C & I - Low Load Factor (G-40, G-41 & G-42)	\$0.4942	\$0. 3626	36.29%

Q. How do the revised COG rates compare to those submitted in the September 17, 2024 filing?

A. Compared to the September 17th filing, the updated winter season COG rates are \$0.0330 per therm higher for residential customers, \$0.0338 per therm higher for low load factor C&I customers, and \$0.0291 per therm higher for high load factor C&I customers. In the summer season, residential rates are \$0.0282 per therm higher, low load factor C&I rates are \$0.0318 per therm higher and high load factor C&I rates are \$0.0252 per therm higher.

Q. Do the changes to the COG rates impact any of the ancillary rates submitted in the September 17th filing.

A. Yes, the Re-entry rate and Conversion rate calculations are impacted by the change in COG rates. These rates are also impacted by the updated NYMEX prices and updated

1 projected PNGTS² basis prices. I have provided Revised Attachment NUI-FXW-11 with
2 the updated Re-entry Rate and Conversion Rate calculations.

3 **Q. Which tariff pages are you resubmitting?**

4 A. In order to keep all tariff pages in one exhibit, I am resubmitting all of the tariff pages.
5 Tariff Pages 40, 41, 42, 43, 86 & 88³ and 158 will be revised from the version included in
6 the September 17th filing. Tariff Pages 62, 141 and 156 will be remain unchanged except
7 for the issue date.

8 **Q. Have you included updated bill impacts reflecting the updated COG rates?**

9 Monthly and annual typical bill comparisons, as shown in Revised Attachment NUI-SED-
10 3, have been updated to reflect the revised proposed 2024 / 2025 winter season and
11 summer season rates. Residential heating bills at typical use are expected to increase by
12 \$69.34 or 6.9 percent from those experienced in the 2023 / 2024 winter season, as shown
13 on page 1 of 18, under column Winter. In the summer season, as shown on page 10 of 18,
14 under column Summer, residential heating bills at typical use are expected to increase by
15 \$28.11 or 9.9 percent. The total bill impact compares all Company 2024 / 2025 charges to
16 2023 / 2024 charges, including COG rates, base rates, and the applicable rate adjustments
17 mentioned above.

18 **Q. Does this conclude your testimony?**

² PNGTS is an acronym for Portland Natural Gas Transmission System.

³ Pages 86, residential rate summary and page 88, C&I rate summary will include both a summer season and winter season version.

1 A. Yes it does.