

THE STATE OF NEW HAMPSHIRE



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EXECUTIVE DIRECTOR
AND SECRETARY
Debra A. Howland

May 23, 2007

Re: DG 07-033, Northern Utilities, Inc.
2007 Summer Cost of Gas
DG 07-050, EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy Delivery New England
Indirect Gas Costs
Procedural Issues

To the Parties:

On April 27, 2007, the Commission entered Order No. 24,743 in DG 07-033 which, among other things, established May 25, 2007, as the date by which briefs were to be filed on the issues of: (1) the over-collection of the cost of timing differences between the payment of gas supply costs and the receipt of gas revenues; and (2) the appropriate carrying charge rate to calculate the cost of supply-related working capital.

On May 11, 2007, KeySpan filed a motion to consolidate the issue of interest on cash working capital with docket DG 07-050, which addresses Keyspan's indirect gas costs. On May 22, 2007, KeySpan withdrew that motion by letter.

The purpose of this letter is to advise the parties as to how the Commission intends to proceed. In order to facilitate the orderly consideration of an appropriate interest rate to be charged for gas supply cash working capital, the Commission will open a separate investigation to resolve that issue for both Northern and KeySpan. Accordingly, the briefs due on May 25, 2007 in DG 07-033 will not include arguments on the interest charged on cash working capital, but will only include arguments on issue number 1 described in Order 24,743 as noted above.

Finally, with respect to the procedural schedule for DG 07-050, the Commission directs the parties and Staff to propose a procedural schedule for the three remaining issues, namely: 1) the interplay between the allowance for cash working capital and the recovery of under/over collections; 2) the bad debt allowance and; 3) the lead/lag study.

Sincerely,

A handwritten signature in cursive script that reads "Debra A. Howland".

Debra A. Howland
Executive Director

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