

IV. COST OF GAS CHARGE

Section

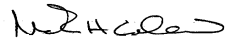
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1. Purpose

The purpose of this clause is to establish procedures that allow the Company, subject to the jurisdiction of the New Hampshire Public Utilities Commission ("NHPUC"), to set on an annual basis seasonal firm gas supply Sales Service rates and to adjust these rates on a monthly basis.

The firm gas supply Sales Service rates recover the seasonal costs of gas supplies, any taxes applicable to those supplies, upstream pipeline and storage capacity costs, on-system production capacity and storage costs, miscellaneous overhead costs related to those supplies, bad debt expense associated with purchased gas costs, costs of purchased gas working capital, and any other costs approved by the NHPUC, and return the seasonal credits from supplier and pipeline refunds, non-core gas supply sales and transportation, interruptible gas supply sales and transportation, capacity assignment, capacity release, application of the Delivery-to-Sales Service Fee, and any other credits or revenue approved by the NHPUC.

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2. **Applicability**

This Cost of Gas Charge ("COGC") shall be applicable to all firm gas Supply Sales Service made by Northern, unless otherwise designated. Application of the COGC may, for good cause shown, be modified by the NHPUC. See Part IV, Section 13, "Other Rules."

3. **Cost of Firm Gas Allowable for the COGC**

All costs of firm gas supply including, but not limited to, commodity costs, taxes on commodity, demand charges, local production and storage costs, other gas supply expense incurred to procure and transport supplies, expense of the gas used in company operations, transportation fees, costs associated with buyouts of existing contracts, and bad debt expenses and purchased gas working capital may be included in the COGC. Any costs recovered through application of the COGC shall be identified and explained fully in the annual and monthly COGC filings outlined in Part IV, Section 12.

4. **Effective Date of Cost of Gas Charges**

The firm gas supply sales rates or COGCs shall be seasonal and become effective upon NHPUC approval for services rendered on the first day of each season as designated by the Company. Unless otherwise notified by the NHPUC, the Company shall submit its annual COGC filing as outlined in Part IV, Section 12 of this clause at least 45 days before taking effect on November 1st. The approved seasonal COGC may be adjusted by the Company on a monthly basis without further action by the NHPUC and shall become effective on the first day of the subsequent month. See Part IV, Section 13.

5. **Definitions**

The following terms shall be defined in this Section IV, unless the context requires otherwise.

- (1) **Bad Debt Expense** - The uncollectable expense attributed to the portion of the Company's charges associated with its gas costs.
- (2) **Capacity Assignment Revenue** – The revenue received from Suppliers for the mandatory assignment of capacity pursuant to the Company's Delivery Service Terms and Conditions.
- (3) **Capacity Release Revenue** - The revenue derived from the sale of upstream capacity, including the revenues resulting from the elective, short-term

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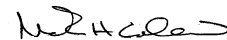
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assignment of capacity.

- (4) **Carrying Charges** - Interest expense calculated on the average monthly COGC reconciliation balance and added to the end of month COGC reconciliation balance. The interest rate is to be adjusted each quarter using the prime interest rate as reported by the Wall Street Journal on the first date of the month preceding the first month of the quarter.
- (5) **Direct Gas Costs** - All purchased gas costs including supplier, storage and pipeline demand and commodity costs, as well as the commodity costs for production and storage gas (LP-air and LNG).
- (6) **Firm Sales Service Re-Entry Fee Revenues** The revenues resulting from billing certain customers who switched from firm transportation service to firm sales service after June 30, 2006.
- (7) **Indirect Gas Costs** – Bad Debt Expense, Working Capital Carrying Charges, COGC reconciliation balances, miscellaneous overhead costs, supplier and pipeline refunds, and local production and storage capacity costs.
- (8) **Interruptible Sales Margins** - The Economic Benefit derived from the interruptible sale of gas downstream of the Company's distribution system.
- (9) **Inventory Finance Charges** - As billed in each Winter Season for annual charges. The amount shall represent an accumulation of the projected charges as calculated using the monthly average of financed inventory at the Company's average short-term cost of borrowing for the month, or some other finance vehicle subject to the approval of the NHPUC.
- (10) **Modified PR Allocator** - The percentage allocated for the portion of annual capacity charges assigned to the Company's New Hampshire and Maine divisions calculated in each annual COGC filing using the Modified Proportional Responsibility ("PR") Method. The allocation percentages for Northern's New Hampshire and Maine divisions reflect the approval of the Modified PR Allocator by the NHPUC and Maine PUC in NHPUC Docket 05-080 and in MPUC Docket Nos. 2005-87 and 2005-273, respectively.
- (11) **Non-Core Commodity Revenues** - The commodity revenues associated with non-core sales to which the COGC is not applied. Non-core sales include sales made under interruptible contracts, non-core contracts and off-system sales contracts.
- (12) **Non-Core Demand Revenues** - The revenue derived from non-core transactions

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to which the COGC is not applied, including interruptible sales and other non-core sales generated from the use of the Company's gas supply resource portfolio.

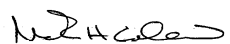
- (13) **Off-System Sales Revenue** - The revenue derived from the non-firm sales of natural gas supplies upstream of Company's distribution system.
- (14) **Production and Storage Capacity Costs** - The costs of providing local, on-system storage service from the Company's storage facilities (i.e., LNG and LPG) as determined in the Company's most recent base rate proceeding.
- (15) **Purchased Gas Working Capital** - The allowable working capital derived from Winter and Summer Season demand and commodity related costs.
- (16) **Simplified Market Based Allocation (SMBA) method** – Used in determining the allocation of gas costs among the Company's High and Low load factor Commercial and Industrial Customer Classifications.
- (17) **Summer Commodity** - The gas supplies procured by the Company to serve firm sales load in the Summer Season.
- (18) **Summer Demand** - The gas supply demand and transmission capacity procured by the Company to serve firm sales load in the Summer Season.
- (19) **Summer Season** – The months May through October.
- (20) **Winter Commodity** - The gas supplies procured by the Company to serve firm sales load in the Winter Season.
- (21) **Winter Demand** – The gas supply demand, peaking demands, storage and transmission capacity procured by the Company to serve firm sales load in the Winter Season.
- (22) **Winter Season** – The months November through April.
- (23) **Working Capital Carrying Charge Rate**- the monthly prime interest rate, as reported by the Wall Street Journal on the first date of the month preceding the first month of the quarter.

6. **COGC Calculations by Customer Classification**

6.1 **Approved Cost Amounts**

The COGC calculations include costs and amounts periodically established by the

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	<u>DESCRIPTION</u>	<u>AMOUNTS</u>
MISC	Miscellaneous Overhead Costs	\$611,875
PS	Production and Storage Capacity Costs	\$214,538
WCA%	Working Capital Allowance Percentage	9.3 supply related net lag days / 366 days x WCCCR

Where: WCCCR=Working Capital Carrying Charge Rate

6.2 COGC Formulas

The COGC Formulas shall be computed on an annual basis for the Company’s three (3) groups of customer classes as shown in the table below. The computations will use forecasts of seasonal gas costs, carrying charges, sendout volumes, credits and sales volumes. Forecasts may be based on either historical data or Company projections, but must be weather-normalized. Any projections must be documented in full with each filing.

GROUP	CUSTOMER CLASSES
Residential	R-5, R-6 and R-10
Commercial and Industrial: Low Winter	G-50, G-51 and G-52
Commercial and Industrial: High Winter	G-40, G-41 and G-42

COGC will be calculated on a seasonal basis. The Winter Season COGC will be effective November 1st and Summer Season COGC will be effective on May 1st.

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The seasonal COGC for the Residential rate classes shall represent the total system average unit cost of gas for meeting firm sales load projected in each COGC season. The seasonal COGC for the Commercial and Industrial (“C&I”) Low Winter and High Winter classes shall be derived by using the load factor based SMBA method of allocating gas costs as defined in Part IV, Section 5, and shall include other costs and credits allowed by the NHPUC.

6.3 Winter Season COGC

Winter Season COGC (COG_w) shall be comprised of Winter Season direct costs of gas (DCOG_w) which include Winter Season direct demand costs (DD_w) and Winter Season commodity costs (C_w), and Winter Season indirect costs (ICOG_w) including Winter Season COGC reconciliation gas costs (R_w), Winter Season working capital costs (WC_w), Winter Season bad debt costs (BD_w), production and storage capacity costs (PS), Winter Season miscellaneous overhead costs (MISC) and any supplier refunds allocated to the Winter Season (SR_w) according to the following formulas:

$$\text{COG}_w = \text{DCOG}_w + \text{ICOG}_w$$

Winter Direct Cost of Gas (DCOG_w) and Indirect Cost of Gas (ICOG_w) Formulas

$$\text{DCOG}_w = \text{DD}_w + \text{C}_w$$

and:

$$\text{DD}_w = \text{DEM}_w - \text{NCDR}_w - \text{CAR}_w$$

and:

$$\text{ICOG}_w = \text{R}_w + \text{BD}_w + \text{WC}_w + \text{PS} + \text{MISC} * (\text{W:Sales} / \text{A:Sales}) + \text{SR}_w$$

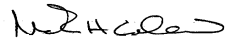
Where:

A:Sales Forecasted annual firm gas supply sales volumes.

BD_w Bad debt expense allocated to the Winter Season.

CAR_w Capacity assignment revenues, pursuant to the capacity assignment provisions in the Company’s Delivery Service Terms and Conditions, allocated to the Winter Season.

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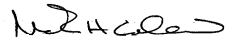
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Cw	Commodity gas costs allowable for the Winter Season.
COGw	Total cost of gas for the Winter Season to serve the Company's firm sales customer classes previously defined.
DDw	Direct demand costs allowable for the Winter Season
DCOGw	Direct gas costs allowable for the Winter Season.
DEMw	Demand costs allocated to the Winter Season defined in Part IV, Section 5.
ICOGw	Indirect gas costs allowable for the Winter Season.
MISC	The amount of gas costs associated with acquisition, dispatching, Administrative and General expenses, and miscellaneous overhead costs as determined in the Company's most recent base rate proceeding. Refer to Part IV, Section 6.1 for this amount.
NCDRw	Winter Season returnable capacity release revenues and return to sales service revenues.
PS	The amount of costs associated with production and storage capacity, as determined in the Company's most recent rate proceeding, less any production and storage capacity assignment revenues. Refer to Part IV, Section 6.1 for this amount.
Rw	Annual reconciliation costs allocated to Winter Season from the Account 191 balance, inclusive of the associated Account 191 interest, as outlined in Part IV, Section 9.
SRw	Supplier demand and commodity related refunds assigned to the Winter Season associated with refund program credits derived from Account 242, "Undistributed Gas Suppliers' Refunds." See Part IV, Section 8.
WCw	Working capital carrying charges allocated to the Winter Season as defined in Part IV, Section 10.
W:Sales	Forecasted Winter Season firm gas supply sales volumes.

Winter Commodity Cost (Cw) Formula

$$Cw = WSC - NCCRw + FC$$

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Where:

- FC Annual inventory finance charges as defined in Part IV, Section 5.
- NCCRw Non-core commodity gas revenues incurred in the Winter Season as defined in Part IV, Section 5.
- WSC Commodity gas costs associated with gas supply dispatched to firm gas supply sales customers in the Winter Season.

Winter Working Capital Carrying Charges (WCw) Formula

$$WCw = (DCOGw) \times WCAw \% + Rwcw$$

Where:

- WCAw % Working capital allowance percentage associated with Winter Season gas costs. See Part IV, Section 6.1.
- Rwcw Working capital allowance reconciliation adjustment associated with Winter Season gas costs Account 173 balance, as outlined in Part IV, Section 10.

Winter Bad Debt Cost (BDw) Formula

$$BDw = EBDw + Rbdw$$

Where:

- EBDw Estimated bad debt expense for the Winter Season.
- Rbdw Bad debt expense reconciliation adjustment assigned to the Winter Season.

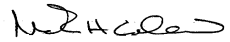
Winter Supplier Refund (SRw) Formula

$$SRw = (SRD + SRC) * (W:Sales / A:Sales)$$

Where:

- SRD Annualized supplier refund for demand related charges

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SRC Annualized supplier refund for commodity related charges

Residential COGC Winter Season (COGFACTOR_{wr})

All Residential firm sales customers will pay the same GOGC for the Winter Season. This COGC represents the total forecasted Winter Season average cost of gas. This COGC is calculated according to the following formula:

$$\text{COGFACTOR}_{wr} = \frac{\text{COG}_w}{W:\text{Sales}}$$

Where:

COGFACTOR_{wr} Per unit Residential customer Winter Season COGC.

Commercial and Industrial (C&I) Winter Season COGCs

The C&I firm sales customer’s Winter Season COGCs will be based on the SMBA method of allocating direct gas costs to each of the two C&I firm sales load factor based customer groups. Rates G-50, G-51 and G-52 which are High Load Factor or Low Winter Use and Rates G-40, G-41 and G-42 which are Low Load Factor or High Winter Use. In addition, the C&I COGCs will include a rate adjustment that allocates any difference between the Residential average cost of gas and the Residential COGC using the SMBA method. This difference is then added to the C&I firm sales customer classes COGC. Both C&I firm sales customer classes as well as the Residential customer class pay the Winter Season system average cost for indirect gas costs.

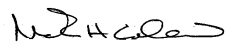
The formulas below pertain to Low Load Factor or High Winter Use C&I firm sales customers. The formulas determining COGC for High Load Factor or Low Winter Use C&I firm sales customers are not presented but are identical except for the subscripts: For High Load Factor or Low Winter Use C&I firm sales customers, all variables with a “wh” designation are replaced with a “wl” designation.

$$\text{COGFACTOR}_{wh} = \text{DCOG}_{wh} + \text{ICOG}_{wh}$$

and

$$\text{DCOG}_{wh} = \text{AD}_{wh} + \text{AC}_{wh}$$

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and

$$ADwh = \frac{DDwh + RRADwh}{WH:Sales}$$

and

$$ACwh = \frac{Cwh + RRACwh}{WH:Sales}$$

and

$$ICOGwh = ICOGw/W:Sales$$

and

$$RRADwh = (RDSMBA - RDAVG)*Dwh\%$$

and

$$RRACwh = (RCSMBA - RCAVG)*Cwh\%$$

Where:

ACwh Per unit Winter Season adjusted commodity costs associated with the High Winter Use C&I firm sales customers.

ADwh Per unit Winter Season adjusted direct demand costs allocated to the High Winter Use C&I firm sales customers.

COGFACTORwh Per unit Winter Season COGC for G-40, G-41 and G-42 C&I rate classes.

Cwh Winter Season commodity costs associated with the High Winter Use C&I firm sales customers.

Cwh% Percent of C&I Winter Season commodity gas costs allocated to High Winter Use C&I firm sales customers.

DOCGwh Per unit direct cost of gas for the Winter Season for High Winter Use C&I firm sales customers.

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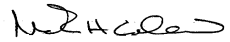
DDwh	Winter Season direct demand costs allocated to the High Winter Use C&I firm sales customer classes.
Dwh%	Percent of C&I Winter Season demand costs allocated to High Winter Use firm sales C&I firm sales customers.
ICOGw	As previously defined above.
ICOGwh	Per unit indirect cost of gas for the Winter Season for High Winter Use C&I firm sales customers.
RRADwh	Residential reallocation adjustment for Winter Season demand costs to High Winter Use C&I firm sales customers.
RRACwh	Residential reallocation adjustment for Winter Season commodity costs to High Winter Use C&I firm sales customers.
RDSMBA	Residential demand costs per the SMBA methodology.
RCSMBA	Residential commodity costs per the SMBA methodology.
RDAVG	Demand cost per average Residential rate.
RCAVG	Commodity cost per average Residential rate.
WH:Sales	Winter Season forecasted C&I High Winter Use firm sales volumes.

6.4 Summer Season COGC

Summer Season COGC costs shall be comprised of Summer Season direct costs of gas (DCOGs) which include Summer Season direct demand costs (DDs) and Summer Season commodity costs (Cs), and Summer Season indirect costs (IGOCs) including Summer Season reconciliation gas costs (Rs), Summer Season working capital costs (WCs), Summer Season bad debt costs (BDs), Summer Season miscellaneous overhead costs (MISC) and any supplier refunds allocated to the Summer Season (SRs) according to the following formulas:

$$\text{COGCs} = \text{DCOGs} + \text{ICOGs}$$

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Summer Direct Cost of Gas (DCOGs) and Indirect Cost of Gas (ICOGs) Formulas

$$\text{DCOGs} = \text{DDs} + \text{Cs}$$

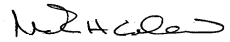
And:

$$\text{ICOGs} = \text{Rs} + \text{BDs} + \text{WCs} + \text{MISC} * (\text{S:Sales} / \text{A:Sales}) + \text{SRs}$$

Where:

- A:Sales Forecasted annual firm gas supply sales volumes.
- BDs Bad debt expense allocated to the Summer Season.
- Cs Commodity gas costs allowable for the Summer Season.
- COGs The total cost of gas for the Summer Season to serve the Company's firm sales customer classes previously defined.
- DDs Direct demand costs allowable for the Summer Season.
- DCOGs Direct gas costs allowable for the Summer Season.
- ICOGs Indirect gas costs allowable for the Summer Season.
- MISC The amount of gas costs associated with acquisition, dispatching, Administrative and General expenses, and miscellaneous overhead costs as determined in the Company's most recent base rate proceeding. Refer to Part IV, Section 6.1 for this amount.
- Rs Annual reconciliation costs allocated to the Summer Season from the Account 191 balance, inclusive of the associated Account 191 interest, as outlined in Part IV, Section 9.
- SRs Supplier demand and commodity related refunds assigned to the Summer Season associated with refund program credits derived from Account 242, "Undistributed Gas Suppliers' Refunds." See Part IV, Section 8.
- S:Sales Forecasted Summer Season firm gas supply sales volumes.

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WCs Working capital carrying charges allocated to the Summer Season as defined in Part IV, Section 10.

Summer Commodity Cost (Cs) Formula

$$Cs = SSC - NCCRs$$

Where:

NCCRs Non-core commodity gas revenues incurred in the Summer Season as defined in Part IV, Section 5.

SSC Commodity gas cost charges associated with gas supply dispatched to firm gas supply sales customers in the summer season.

Summer Working Capital Carrying Charges (WCs) Formula

$$WCs = DCOGs \times WCAs\% + Rwcs$$

Where:

WCAs% Working capital allowance percentage associated with Summer Season gas costs. Refer to Part IV, Section 6.1.

Rwcs Working capital allowance reconciliation adjustment associated with the Summer Season gas costs, Account 173 balance, as outlined in Part IV, Section 10.

Summer Bad Debt (BDs) Formula

$$BDs = EBDs + Rbds$$

Where:

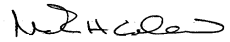
EBDs Estimated bad debt expense for the Summer Season.

Rbds Bad debt expense reconciliation adjustment assigned to the Summer Season.

Summer Supplier Refund (SRw) Formula

$$SRs = (SRD + SRC) * (S:Sales / A:Sales)$$

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Where:

SRD Annualized supplier refund for demand related charges

SRC Annualized supplier refund for commodity related charges

Residential COGC Summer Season (COGFACTORsr)

All Residential firm sales customers will pay the same COGC for the Summer Season. This COGC represents the total forecasted Summer Season average cost of gas rate. This factor is calculated according to the following formula:

$$\text{COGFACTORsr} = \frac{\text{COGs}}{\text{S:Sales}}$$

Where:

COGFACTORsr = Per unit Residential customer Summer Season COG Factor

Commercial and Industrial (C&I) Summer Season COGC

The C&I firm sales Summer Season COGC will be based on the SMBA method of allocating direct gas costs to each of the two C&I load factor based customer groups: Rates G-50, G-51 and G-52 which are High Load Factor or Low Winter Use and Rates G-40, G-41 and G-42 which are Low Load Factor or High Winter Use. In addition, the C&I COGCs will include a rate adjustment that allocates any difference between the Residential average cost of gas and the Residential COGC using the SMBA method. This difference is then added to the C&I firm sales customer classes COGC. Both C&I firm sales customer classes as well as the Residential customer classes pay the Summer Season system average cost for indirect costs.

The formulas below pertain to Low Load Factor or High Winter Use C&I firm sales customers. The formulas determining COG Factors for High Load Factor or Low Winter Use C&I firm sales customers are not presented but are identical except for the subscripts: For High Load Factor or Low Winter Use C&I firm sales customers, all variables with a “sh” designation would be replaced with a “sl” designation.

$$\text{COGFACTORsh} = \text{DCOGsh} + \text{ICOGsh}$$

and

$$\text{DCOGsh} = \text{ADsh} + \text{ACsh}$$

and

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$$\text{ADsh} = \frac{\text{DDSh} + \text{RRADsh}}{\text{SH:Sales}}$$

and

$$\text{ACsh} = \frac{\text{Csh} + \text{RRACsh}}{\text{SH:Sales}}$$

and

$$\text{ICOGsh} = \text{ICOGs/S:Sales}$$

and

$$\text{RRADsh} = (\text{RDSMBA} - \text{RDAVG}) * \text{Dsh}\%$$

and

$$\text{RRACsh} = (\text{RCSMBA} - \text{RCAVG}) * \text{Csh}\%$$

Where:

ACsh Per unit Summer Season adjusted commodity costs associated with the High Winter Use C&I firm sales customers.

ADsh Per unit Summer Season adjusted direct demand costs allocated to the High Winter Use C&I firm sales customers.

COGFACTORsh Per unit Summer Season COGC for G-40, G-41 and G-42 C&I rate classes.

Csh Summer Season commodity costs associated with the High Winter Use C&I firm sales customers.

Csh% Percent of C&I Summer Season commodity gas costs allocated to High Winter Use C&I firm sales customers.

DDsh Summer Season direct demand costs allocated to the High Winter Use C&I firm sales customer classes.

DOCGsh Per unit direct cost of gas for the Summer Season for High Winter Use C&I firm sales customers.

Dsh% Percent of C&I Summer Season demand costs allocated to High Winter Use C&I firm sales customers

ICOGs As previously defined above.

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ICOGsh	Per unit indirect cost of gas for the Summer Season for High Winter Use C&I firm sales customers.
RRADsh	Residential reallocation adjustment for Summer Season demand costs to High Winter Use C&I firm sales customers.
RRACsh	Residential reallocation adjustment for Summer Season commodity costs to High Winter Use C&I firm sales customers.
RDSMBA	Residential demand costs per the SMBA methodology.
RCSMBA	Residential commodity costs per the SMBA methodology.
RDAVG	Demand cost per average Residential rate
RCAVG	Commodity cost per average Residential rate
SH:Sales	Summer Season forecasted C&I High Winter Use firm sales volumes.

7. Non-Core Sales Demand and Commodity Revenues

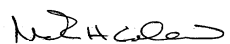
One hundred percent (100%) of revenues from Interruptible Sales, Off-System Sales, and Capacity Release will be credited to firm sales customers within the derivation to COGC.

8. Gas Suppliers' Refunds – FERC Account 242

Refunds from upstream capacity suppliers and suppliers of product demand are credited to Account 242, "Undistributed Purchased Capacity/Product Demand Refunds." Refunds from suppliers of gas are credited to account 242, "Commodity Undistributed Gas Suppliers' Refunds." Transfers from these accounts will be reflected as a credit in the annual calculation of the seasonal COGC to be calculated as follows:

Refund programs shall be initiated with each annual COGC filing and shall remain in effect for a period of one year. The amount to be placed into a given refund program shall be net of over/under-balances from expired refund programs plus refunds received from suppliers since the previous program was initiated. Refunds shall be segregated by demand and commodity and distributed volumetrically, producing a per unit refund that will return the principal amount with interest applied to the average of the beginning and

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end of month balances of refunds. The interest rate is to be adjusted each quarter using the prime interest rate as reported by the Wall Street Journal on the first date of the month preceding the first month of the quarter ., The Company shall track and report on all Account 242 activities as specified in Part IV, Section 12.

9. **Annual COGC Reconciliation Adjustment – FERC Account 191**

(1) The following **definitions** pertain to the annual COGC reconciliation adjustment:

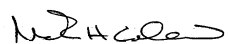
a. **Capacity Costs Allowable** shall be:

- i. Charges associated with upstream storage and transmission capacity and product demand procured by the Company to serve firm gas supply sales service.
- ii. Charges associated with peaking, downstream production and storage capacity to serve firm gas supply sales load, dispatching costs, and other administrative and general expenses in connection with purchasing gas supplies allocated to firm gas supply sales services in the respective season. These expenses are from the test year of the Company's most recent base rate proceeding, and are provided in Part IV, Section 6.1.
- iii. Non-Core Sales Margins or Economic Benefits associated with returnable capacity release, off-system sales and interruptible sales margins allocated to the firm gas supply sales service.
- iv. Credits associated with daily imbalance charges and the fixed component of penalty charges billed Delivery Service, as well as revenues associated with: (a) mandatory assignment of capacity to meet the requirements of firm transportation customers (non-grandfathered customers); (b) the billing of the Capacity Reservation Charge; and (c) the billing of the Delivery-to-Sales Service Fee to firm customers switching from transportation to firm gas supply sales service.
- v. Capacity Cost Carrying Charges.

b. **Commodity Gas Costs Allowable** shall be:

- i. Commodity Charges associated with gas supplies, including any applicable taxes, purchased by the Company to serve firm gas supply sales service.

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- ii. Credit for non-core commodity costs assigned to non-core customers to which the COGC does not apply, as defined in Part IV, Section 6.3 (NCCCw and NCCCs), as well as the commodity costs of all supplies nominated by third party Suppliers associated with the assignment of Company-Managed resources, as defined in the Company’s Delivery Service Terms and Conditions.
 - iii. Inventory finance charges.
 - iv. Commodity Cost Carrying Charges.
- (2) Allocation of the annual COGC Reconciliation Adjustment to the Summer Season (Rs) and Winter Season (Rw).

Account 191 contains the accumulated difference between actual COG Factor revenues and the actual monthly COGC costs incurred by the Company including Carrying Charges. The allocation of the annual COGC reconciliation ending balance to the Winter and Summer Seasons is derived by multiplying the ratio of each season’s firm gas supply sales service to annual firm gas supply sales service by the annual COGC reconciliation ending balance.

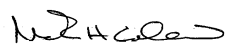
Carrying Charges shall be calculated on the average monthly balance of each subaccount. The interest rate is to be adjusted each quarter using the prime interest rate as reported by the Wall Street Journal on the first date of the month preceding the first month of the quarter.

The annual COGC Reconciliation filing shall coincide with the next annual COGC filing each year.

10. **Bad Debt and Working Capital Reconciliation Adjustments – FERC Account 173**

- (1) The following **definitions** pertain to Working Capital and Bad Debt reconciliation adjustment calculations:
- a. **Working Capital Costs Allowable** shall be:
 - i. Charges associated with gas supplies, upstream storage, transmission capacity, and product demand procured by the Company, as well as applicable taxes, to serve firm gas supply sales customers in the respective season. The annual working capital accumulated difference is then

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be applicable to gas used on or after the first day of the month in which the COGC's become effective.

12. Information Required to be Filed with the NHPUC

Information pertaining to the COGC shall be filed with the NHPUC in accordance with the format established by the NHPUC. Reporting requirements include filing the Company's annual COGC filing with seasonal COGC and its monthly calculations of the projected over or under-collection of the COGC reconciliation ending balance, along with notification by the Company to the NHPUC of any revised COGCs for the subsequent month, not less than five (5) business days prior to the first day of the subsequent month.

Additionally, the Company shall file with the NHPUC an annual reconciliation of gas costs and gas cost collections containing information in support of the reconciliation calculation set out in Part IV, Section 9 (2). Such information shall include the complete list of gas costs claimed as recoverable through the COGC over the previous year. This annual COGC reconciliation shall be submitted with each annual COGC filing, along with complete documentation of the COGC reconciliation adjustment calculations.

The Company shall file with the NHPUC an annual reconciliation of bad debt expense and bad debt collections containing information in support of the reconciliation calculation set out in Part IV, Section 10 (2). Such information shall detail the revenues collected as an allowance for bad debt as well as the per books actual gas cost bad debt expense claimed as recoverable through the COGC over the previous year. This annual reconciliation of bad debt expenses shall be included with the respective annual COGC reconciliation filing, along with supporting documentation.

The Company shall file with the NHPUC an annual reconciliation of gas supply related working capital expense and working capital collections containing information in support of the reconciliation calculation set out in Part IV, Section 10 (2). Such information shall detail the revenues collected as an allowance for gas supply related working capital as well as the per books actual gas supply related working capital expense claimed as recoverable through the COGC over the previous year. This annual reconciliation of gas supply related working capital expense shall be included with the respective annual COGC reconciliation filing, along with supporting documentation.

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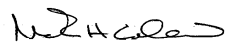
13. Other Rules

- (1) The NHPUC may, where appropriate, on petition or on its own motion, grant an exception from the provisions of this Section IV, upon such terms that it may determine to be in the public interest.
- (2) The Company may, without further NHPUC action, adjust the approved seasonal COGCs upward or downward monthly based on the Company's calculation of the projected COGC reconciliation ending balance over or under-collection for the applicable Summer or Winter Season, but the cumulative upward adjustments shall not exceed twenty-five (25) percent of the approved seasonal COGCs.
- (3) The Company may, at any time, file with the NHPUC an amended COGC. An amended COGC filing must be submitted 45 days before the first day of the month in which it is proposed to take effect.
- (4) The operation of the COGC is subject all powers of suspension and investigation vested in the NHPUC.

14. Reconciliation Adjustment of FERC Accounts

- 191 Annual Gas Cost Reconciliation Adjustment for COGC
This account shall be used to record the cumulative difference between annual gas revenues and annual gas costs. Entries to this account shall be determined as outlined in the COGC.
- 173 Annual Bad Debt Reconciliation Adjustment for COGC
This account shall be used to record the cumulative difference between annual bad debt revenues and annual bad debt costs. Entries to this account shall be determined as outlined in the COGC.
- 173 Annual Gas Working Capital Allowance Reconciliation Adjustment for COGC
This account shall be used to record the cumulative difference between annual gas working capital allowance revenues and the annual gas working capital allowance. Entries to this account shall be determined as outlined in the COGC.

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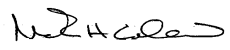
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- 242 Undistributed Purchase Capacity/Product Demand Refunds
This account shall be used to record the refunds from upstream capacity suppliers and suppliers of product demand and the transfer of credits in the annual calculation of the seasonal COGCs. Entries to this account shall be determined as outlined in the COGC.
- 242 Undistributed Commodity Gas Supplier Refunds.
This account shall be used to record the refunds from upstream commodity supplies and suppliers of product commodity and the transfers of credits in the annual calculation of the seasonal COGCs. Entries to this account shall be determined as outlined in the COGC.

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Issued By: 
Title: Senior Vice President

Anticipated Cost of Gas
New Hampshire Division
Period Covered: November 1, 2024 - April 30, 2025

	(Col 1)	(Col 2)	(Col 3)
<u>ANTICIPATED DIRECT COST OF GAS</u>			
Purchased Gas:			
Demand Costs:		\$5,792,975	
Supply Costs:		\$6,998,660	
Storage & Peaking Gas:			
Demand, Capacity:		\$17,169,362	
Commodity Costs:		\$2,410,256	
Interruptible Included Above		\$0	
Inventory Finance Charge		\$13,513	
Capacity Release, & Asset Management		(\$10,452,218)	
Re-entry Rate & Conversion Rate Revenues		<u>\$ (25,000)</u>	
Total Anticipated Direct Cost of Gas			<u>\$21,907,548</u>
<u>ANTICIPATED INDIRECT COST OF GAS</u>			
Adjustments:			
Prior Period Under/(Over) Collection		\$287,155	
Interest		(\$101,966)	
Refunds		\$0	
<u>Interruptible Margins</u>		<u>\$0</u>	
Total Adjustments			\$185,189
Working Capital:			
Total Anticipated Direct Cost of Gas		\$21,907,548	
Working Capital Percentage		<u>0.2160%</u>	
Working Capital Allowance		\$ 44,533	
Plus: Working Capital Reconciliation (Acct 173)		(\$1,545)	
Total Working Capital Allowance			\$42,988
Bad Debt:			
Bad Debt Allowance		\$152,555	
Plus: Bad Debt Reconciliation (Acct 173)		(\$38,900)	
Total Bad Debt Allowance			\$113,655
Local Production and Storage Capacity			\$214,538
Miscellaneous Overhead-80.69% Allocated to Winter Season			<u>\$493,751</u>
Total Anticipated Indirect Cost of Gas			\$1,050,121
Total Cost of Gas			<u>\$22,957,669</u>

Issued: November 4, 2024

Effective Date: November 1, 2024

Authorized by NHPUC Order No. 27,071, in Docket No. 24-102, dated October 31, 2024

Issued By:

Daniel Hurstak
 Vice President and Treasurer

Anticipated Cost of Gas
New Hampshire Division
Period Covered: May 1, 2025 - October 31, 2025

(Col 1)	(Col 2)	(Col 3)
<u>ANTICIPATED DIRECT COST OF GAS</u>		
Purchased Gas:		
Demand Costs:	\$ 1,061,050	
Supply Costs:	\$ 1,727,181	
Storage & Peaking Gas:		
Demand, Capacity:	\$ 545,719	
Commodity Costs:	\$ 24,562	
Interruptible Included Above	\$0	
Inventory Finance Charge	\$0	
Capacity Release & Asset Management	\$0	
Re-entry Rate and Conversion Rate Revenues	\$0	
Total Anticipated Direct Cost of Gas		\$ 3,358,511
<u>ANTICIPATED INDIRECT COST OF GAS</u>		
Adjustments:		
Prior Period Under/(Over) Collection	(\$89,278)	
Interest	(\$88,507)	
Refunds	\$0	
<u>Interruptible Margins</u>	\$0	
Total Adjustments		(\$177,784)
Working Capital:		
Total Anticipated Direct Cost of Gas	\$3,358,511	
Working Capital Percentage	<u>0.2033%</u>	
Working Capital Allowance	\$6,827	
Plus: Working Capital Reconciliation (Acct 173)	(\$370)	
Total Working Capital Allowance		\$6,457
Bad Debt:		
Bad Debt Allowance	\$25,442	
Plus: Bad Debt Reconciliation (Acct 173)	(\$6,488)	
Total Bad Debt Allowance		\$18,955
Local Production and Storage Capacity		\$0
Miscellaneous Overhead-19.31% Allocated to Summer Season		\$118,124
Total Anticipated Indirect Cost of Gas		(\$34,248)
Total Cost of Gas		\$ 3,324,263

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Effective Date: May 1, 2025

Authorized by NHPUC Order No. 27,071, in Docket DG 24-101, dated October 31, 2024

Issued By: Daniel Hurstak
 Vice President and Treasurer

CALCULATION OF FIRM SALES COST OF GAS RATE

Period Covered: February 1, 2025 - April 30, 2025

(Col 1)	(Col 2)	(Col 3)
Total Anticipated Direct Cost of Gas	\$21,907,548	
Projected Prorated Sales (11/01/24 - 04/30/25)	33,352,349	
Direct Cost of Gas Rate		\$0.6569 per therm
Demand Cost of Gas Rate	\$12,485,119	\$0.3743 per therm
Commodity Cost of Gas Rate	<u>\$9,422,429</u>	<u>\$0.2825</u> per therm
Total Direct Cost of Gas Rate	\$21,907,548	\$0.6568 per therm
Total Anticipated Indirect Cost of Gas	\$1,050,121	
Projected Prorated Sales (11/01/24 - 04/30/25)	33,352,349	
Indirect Cost of Gas		\$0.0315 per therm
TOTAL PERIOD AVERAGE COST OF GAS		\$0.6883 per therm
Period ending under-collection to be recovered as determined on 01/23/2025		\$1,117,525
Projected Sales (02/01/25 - 04/30/2025)		15,119,283
Per unit change in Cost of Gas (02/01/25 - 04/30/25)		\$0.0739

RESIDENTIAL COST OF GAS RATE -02/01/25	COGwr	\$0.7622	per therm
	Maximum (COG+25%)	\$0.8604	

RESIDENTIAL COST OF GAS RATES - 11/01/2024	\$0.6883
CHANGE IN PER UNIT COST	\$0.0739
RESIDENTIAL COST OF GAS RATES - 02/01/2025	\$0.7622

COM/IND LOW WINTER USE COST OF GAS RATE - 02/01/25	COGwl	\$0.7165	per therm
	Maximum (COG+25%)	\$0.8033	

COM/IND LOW WINTER USE COST OF GAS RATES - 11/01/2024	\$0.6426
CHANGE IN PER UNIT COST	\$0.0739
COM/IND LOW WINTER USE COST OF GAS RATES - 02/01/2025	\$0.7165

COM/IND HIGH WINTER USE COST OF GAS RATE - 02/01/25	COGwh	\$0.7713	per therm
	Maximum (COG+25%)	\$0.8718	

COM/IND HIGH WINTER USE COST OF GAS RATES - 11/01/2024	\$0.6974
CHANGE IN PER UNIT COST	\$0.0739
COM/IND HIGH WINTER USE COST OF GAS RATES - 02/01/2025	\$0.7713

Issued: January 23, 2025
 Effective Date: February 1, 2025
 Authorized by NHPUC Order No. 27,071, in Docket No. 24-102, dated October 31, 2024.

Issued By: Daniel Hurstak
 Vice President and Treasurer

CALCULATION OF FIRM SALES COST OF GAS RATE

Period Covered: May 1, 2025 - October 31, 2025

(Col 1)	(Col 2)	(Col 3)
Total Anticipated Direct Cost of Gas	\$3,358,511	
Projected Prorated Sales (05/01/25 - 10/31/25)	7,979,183	
Direct Cost of Gas Rate		\$0.4209 per therm
Demand Cost of Gas Rate	\$1,606,769	\$0.2014 per therm
Commodity Cost of Gas Rate	<u>\$1,751,743</u>	<u>\$0.2195</u> per therm
Total Direct Cost of Gas Rate	\$3,358,511	\$0.4209 per therm
Total Anticipated Indirect Cost of Gas	(\$34,248)	
Projected Prorated Sales (05/01/25 - 10/31/25)	7,979,183	
Indirect Cost of Gas		(\$0.0043) per therm
TOTAL PERIOD AVERAGE COST OF GAS		\$0.4166 per therm

RESIDENTIAL COST OF GAS RATE - 05/01/25	COGwr	\$0.4166 per therm
	Maximum Preapproved Adjustment (COG+25%)*	\$0.5208

COM/IND LOW WINTER USE COST OF GAS RATE - 05/01/25	COGwl	\$0.3449 per therm
	Maximum Preapproved Adjustment (COG+25%)*	\$0.4311

C&I HLF DEMAND COSTS ALLOCATED PER SMBA	\$287,405
PLUS: RESIDENTIAL DEMAND REALLOCATION TO C&I HLF	<u>\$17,578</u>
C&I HLF TOTAL ADJUSTED DEMAND COSTS	\$304,983
C&I HLF PROJECTED PRORATED SALES (05/01/25 - 10/31/25)	2,352,690
DEMAND COST OF GAS RATE	\$0.1296
C&I HLF COMMODITY COSTS ALLOCATED PER SMBA	\$516,507
PLUS: RESIDENTIAL COMMODITY REALLOCATION TO C&I HLF	<u>\$70</u>
C&I HLF TOTAL ADJUSTED COMMODITY COSTS	\$516,578
C&I HLF PROJECTED PRORATED SALES (05/01/25 - 10/31/25)	2,352,690
COMMODITY COST OF GAS RATE	\$0.2196
INDIRECT COST OF GAS	(\$0.0043)
TOTAL C&I HLF COST OF GAS RATE	\$0.3449

COM/IND HIGH WINTER USE COST OF GAS RATE - 05/01/25	COGwh	\$0.4942 per therm
	Maximum Preapproved Adjustment (COG+25%)*	\$0.6178

C&I LLF DEMAND COSTS ALLOCATED PER SMBA	\$572,044
PLUS RESIDENTIAL DEMAND REALLOCATION TO C&I LLF	<u>\$34,986</u>
C&I LLF TOTAL ADJUSTED DEMAND COSTS	\$607,030
C&I LLF PROJECTED PRORATED SALES (05/01/25 - 10/31/25)	2,176,861
DEMAND COST OF GAS RATE	\$0.2789
C&I LLF COMMODITY COSTS ALLOCATED PER SMBA	\$477,906
PLUS: RESIDENTIAL COMMODITY REALLOCATION TO C&I LLF	<u>\$65</u>
C&I LLF TOTAL ADJUSTED COMMODITY COSTS	\$477,971
C&I LLF PROJECTED PRORATED SALES (05/01/25 - 10/31/25)	2,176,861
COMMODITY COST OF GAS RATE	\$0.2196
INDIRECT COST OF GAS	(\$0.0043)
TOTAL C&I LLF COST OF GAS RATE	\$0.4942