

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

**IR 15-009
DG 15-033**

NORTHERN UTILITIES, INC.

**Investigation into Maine-New Hampshire Interstate Cost Allocation Methodology
Integrated Resource Plan**

ORDER OF NOTICE

On January 6, 2015, Stephen P. Frink, Assistant Director of the Gas & Water Division of the New Hampshire Public Utilities Commission (Commission), filed a memorandum with the Commission. In its memorandum, Staff recommended that an investigation be opened, pursuant to RSA 374:4 and 374:7, to investigate whether the current cost allocation methodology used by Northern Utilities, Inc. (Northern), a gas utility with operations in southeastern New Hampshire, achieves the “just and reasonable” ratemaking standard required under RSA 378:7. Specifically, Staff continues to have concerns regarding the allocation of supply costs to Northern’s New Hampshire and Maine Divisions, given changes in the natural gas market and differences in how the Maine and New Hampshire regulate the market. .,Staff further recommended prospectively that if the Commission were to find the current interstate allocation methodology, in its design and/or execution, not adequate, the Commission should establish a cost allocation methodology that will satisfy the standard or require Northern to maintain a gas supply portfolio to serve New Hampshire on a stand-alone basis. Staff also recommended that the Commission employ an outside consultant with extensive gas supply planning and cost allocation experience to assist in the investigation. *See* January 6, 2015 Memorandum of Stephen P. Frink.

Having reviewed Staff's memorandum, the Commission opens a docket, pursuant to RSA 374:4 and 374:7, to investigate Northern's allocation methodology used to allocate gas costs between its New Hampshire and Maine Divisions. The investigation shall include, *inter alia*, issues related to the operation of the interstate cost allocation methodology, whether the current methodology remains a fair and reasonable means of assigning demand costs to the Divisions; alternative allocation methodologies including the cost causation factors underlying each methodology; and the ability of each methodology to ensure a fair and reasonable cost assignment in a changing market and in the event of changes in State regulatory policies. Furthermore, the Commission authorizes the employment of a qualified consultant firm, selected and directed by Staff, to assist in this investigation.

Furthermore, on January 16, 2015, Northern filed its 2015 Integrated Resource Plan (IRP) with Commission, pursuant to the requirements of RSA 378:38 and the settlement approved in Order No. 25,641 in Docket No. DG 11-290 (March 26, 2014). Northern's IRP addresses the following issues: (1) details regarding the development of Northern's demand forecast, including total system throughput under design weather conditions and the conversion of the demand forecast into long-term planning load requirements; (2) a review of Northern's current portfolio of long-term supply assets and comparison of the supplies available from the current portfolio to the forecast of planning load requirements, in order to assess incremental resource needs; (3) an examination of potential supply alternatives, such as new pipeline projects proposed for the New England or the possible addition of new peaking facilities on Northern's system; and (4) an explanation of Northern's long-term resource decision making process, among other elements.

This IRP filing raises, *inter alia*, issues related to whether Northern's planning process is adequate as defined by the requirements set forth in RSA 378:38 and 378:39, including the implications of interstate cost allocation matters for Northern's IRP adequacy and planning process.

Given the close inter-relationship between the matters to be examined in these two instant dockets, the Commission has elected, pursuant to N.H. Code Admin. Rules Puc 203.19, to consolidate these dockets into a single proceeding, with a single Order of Notice.

The petitions 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 www.puc.nh.gov.

Also, each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on April 17, 2015 at 1:00 p.m., at which each party will provide a preliminary statement of its position with regard to these matters and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, Northern, the Staff of the Commission and any Intervenors hold a Technical Session to review these matters and allow Northern to provide any amendments or updates to its filings; and it is


FURTHER ORDERED, that pursuant to N.H. Code 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 April 3, 2015, 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 15, 2015; and it is

FURTHER ORDERED, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, 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 15, 2015, 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. Code 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 April 17, 2015.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of March, 2015.


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.**