

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

DG 13-198

**ENERGYNORTH NATURAL GAS, INC.
d/b/a LIBERTY UTILITIES and NATIONAL GRID USA**

Investigation into Line Extension Policy Matters

ORDER OF NOTICE

On June 20, 2013, Staff filed a letter requesting that the Commission open an investigation, pursuant to RSA 365:5 and 374:4, regarding potential irregularities in tariff compliance by EnergyNorth Natural Gas, Inc. d/b/a Liberty Utilities (Liberty), a public utility distributing natural gas in 28 cities and towns in southern and central New Hampshire and the City of Berlin in northern New Hampshire. *See* Letter of Stephen P. Frink, Assistant Director Gas & Water Division, to Executive Director Debra A. Howland, dated June 20, 2013 (Staff Letter). Specifically, Staff alleged (on the basis of discovery responses provided by Liberty within Docket No. DG 13-149, Liberty's current Cast Iron Bare Steel (CIBS) filing) that Liberty was not in compliance with the provisions of Section 7 of Liberty's tariff, governing service extensions. Staff alleged that the currently-approved Line Extension Policy (incorporated into Section 7 of Liberty's tariff), which requires the development of contribution in aid of construction (CIAC) calculations under a "25 percent test," is not being applied by Liberty. Instead, Liberty has apparently assessed a flat \$900 fee for residential customers seeking to connect to the Liberty gas distribution system. Staff Letter at 1-2. Staff believes that this presents a potential for significant over-assessment of CIAC amounts by Liberty. *Id.*

In response to the Staff Letter, on July 8, 2013, Liberty filed a letter with the Commission disputing Staff's conclusions regarding the potential harms resulting from assessment of the flat

\$900 fee, and its deviation from the terms of Section 7 of Liberty's tariff. Liberty did note that it had ceased the use of the \$900 flat fee for new residential gas service applications as of that date, in an effort to address Staff's concerns.

Having reviewed Staff's letter of June 20, 2013, and Liberty's response of July 8, 2013, the Commission opens this docket to investigate Liberty's application of Section 7 of its tariff, *i.e.*, its Line Extension Policy. The investigation shall include, *inter alia*, inquiry into Liberty's application of the terms of Section 7 of its tariff, and the potential errors of the utility's predecessor parent company and current service affiliate, National Grid USA (National Grid), which shall be a mandatory party in this investigation; identification of New Hampshire businesses and residents that may have been misquoted line-extension CIAC requirements; determining whether Liberty customers have been overcharged for line-extension CIAC (including carrying costs); and a general review of Liberty's, and National Grid's, CIAC cost-assessment methodologies. The Commission will further inquire into what remedies, such as reparations, restitution, and/or penalties, are appropriate. Furthermore, appropriate revisions to the terms of Section 7 of Liberty's tariff shall be considered.

The Commission is aware that ongoing line extension work is being undertaken by Liberty for the 2013 construction season. The Commission does not intend to disrupt this work during the pendency of this investigation; and encourages any effort by Liberty, the Office of the Consumer Advocate, Staff, and other interested parties to develop a remedy to clarify CIAC- and construction-related matters during the pendency of this investigation.

All docket filings, other than any 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/2013/13-198.html>. 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 August 8, 2013 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the investigation and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15 shall be considered; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, Liberty, the Staff of the Commission and any Intervenors hold a Technical Session to discuss matters pertaining to the investigation, including discovery; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Liberty shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than July 30, 2013, 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 August 6, 2013; and it is

FURTHER ORDERED, that pursuant to N.H. Code 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 Liberty and the Office of the Consumer Advocate on or before August 6, 2013, 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 August 8, 2013.

By order of the Public Utilities Commission of New Hampshire this twenty-fourth day of
July, 2013.



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.