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Debra A. Howland

THE STATE OF NEW HAMPSHIRE



PUBLIC UTILITIES COMMISSION

21 S. Fruit Street, Suite 10
Concord, N.H. 03301-2429

TDD Access: Relay NH
1-800-735-2964

Tel. (603) 271-2431

FAX (603) 271-3878

Website:
www.puc.nh.gov

December 19, 2017

Re: Northern Utilities, Inc. Request for Waiver of Puc 505.07 for Meter Testing

Dear Attorney Epler:

On August 25, 2017, Northern Utilities, Inc. (Northern) requested a waiver of N.H. Code Admin. Rules Puc 505.07(a) requiring a utility to maintain the equipment and facilities necessary to accurately test meters used for measuring gas for its customers. According to the request, it is more cost-effective to contract with qualified outside companies than to purchase meter testing equipment and facilities. On April 15, 2015, the Commission approved a similar request in DG 14-222 for four years beginning October 28, 2013. Northern requests a waiver of Puc 505.07(a) to obtain third-party meter testing for 4 years beginning October 28, 2017. On December 11, 2017, Commission Staff (Staff) recommended that the Commission grant the waiver with conditions.

The Commission has reviewed Northern's request and Staff's recommendation. The Commission determined that, as conditioned below, the requested waiver would serve the public interest and would not disrupt the orderly and efficient resolution of matters before the Commission, as required by Puc 201.05. Accordingly, the Commission granted Northern a waiver of Puc 505.07(a) conditioned upon the following:

1. Northern must confirm its capability to meet the requirements of Puc 505.05 within 15 days of this letter;
2. The waiver shall be for a period of 3 years, commencing retroactively on November 1, 2017 with an expiration date of October 31, 2020;
3. Future waiver requests of Puc 505.07(a), if necessary, shall be filed at least 60 days prior to the expiration date of an effective waiver;
4. The waiver shall not be assignable or otherwise transferrable;
5. Northern shall immediately notify the Commission of any anticipated or actual change in its third-party vendor's testing capabilities or practices, including costs;
6. The Commission may reassess, revise, or otherwise alter the waiver in the event of changes in statute, regulatory requirement, or relevant development related to meters and meter testing;

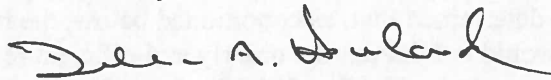
Unitil shall file annual reports of gas meter testing costs with sufficient detail to all Staff to evaluate the effectiveness of outsourcing over alternative in-house options. The annual report shall include:

- a) a written narrative summarizing overall meter testing program results with observations related to year over year average cost per meter test variances by class;
- b) a reconciliation of actual outsourced gas meter testing program costs to identified costs in its third-party vendor's purchase order agreement(s);
- c) a cost benefit analysis that compares sufficiently detailed actual costs of outsourcing meter testing for each of Unitil's three gas divisions to updated cost estimates to bring the meter testing and servicing operation in-house;
- d) for any group of meters that have been flagged with accuracy rates of 87% or less, an updated status of what steps have been taken by Northern or its meter testing program vendor, to determine the defect responsible.

Annual reports of gas meter testing costs shall be due on March 31 of each year. The 2017 annual report of gas meter testing costs shall include:

- a) a detailed analysis and explanation of what is causing higher occurrence of accuracy issues of rotary meters being used by Northern;
- b) an explanation of how Unitil's other gas divisions seem to be insulated from accuracy problems for rotary meters;
- c) when accuracy of rotary meters first became an issue;
- d) what steps Northern and its vendor have taken to resolve accuracy problems with rotary meters.

Sincerely,



Debra A. Howland
Executive Director