

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: September 4, 2018

AT (OFFICE): NHPUC

FROM: Randy Knepper 
Director of Safety & Security

NHPUC 4SEP18PM4:31

SUBJECT: Docket No. DG 18-103 Northern Utilities, Inc. - Request for a franchise territory expansion to include a new franchise in Kingston and the remainder of Atkinson

Safety Division Revised Recommendation

TO: Debra Howland, Executive Director
Steve Frink, Director, Gas and Water Division
Anne Ross, Staff Attorney
Lynn Fabrizio, Staff Attorney

CC: Paul Kasper, Assistant Director, Safety Division

The Safety Division revises its original recommendation of August 24, 2018. This revised recommendation is filed as part of the Division's role as a technical resource, utilizing Geographic Information Systems, to examine public utility compliance with existing statutes and rules regarding franchise territories.

On August 29, 2018, based on additional information derived from a discussion with Northern Utilities, Inc. (Northern or the Company) on that date, the Safety and Legal Divisions identified a filing made by the Company two years subsequent to the initial Atkinson franchise request.¹ Commission Order 19,852, issued on June 7, 1990, as part of Docket No. DE 90-074 authorized an expansion of Northern's original Atkinson franchise territory "to contiguous areas." A review of that docket revealed that Northern had been granted authority to expand its franchise in Atkinson to "areas contiguous to" its then existing franchise territory.

The above-noted franchise request was not included as part of the petition or the discovery responses submitted in DG 18-103. This second, limited expansion authority encompassed Robie Lane, Lewis Lane, and Indian Ridge Road, in which Northern has installed gas mains. These are the areas questioned by the Safety Division in its August 24, 2018 recommendation. The expanded franchise area authorized in Order 19,852 also included Noyes Lane, Green Hill Drive, a portion of Main Street, and a portion of Upland Road. Northern has not installed gas mains or services in those areas to date.

¹ Commission Order 19,147, issued in DE 88-086, granted Northern its initial, limited franchise territory in Atkinson.

The Safety Division reviewed the documents of DE 90-074, matched them to geographic features, matched to parcel information available from the Town of Atkinson, and created a revised franchise map showing the three franchise areas that currently make up Northern's authorized service territory in the Town of Atkinson. Attachment 1A shows the franchise areas of the original two dockets and Attachment 1B shows the franchise area request for the remainder of Atkinson filed in DG 18-103.

Based on the above, the Safety Division no longer believes Northern has been operating outside its franchise territory in Atkinson.

The Safety Division believes that establishing and observing franchise territories is an essential requirement expected of the Company. This requirement, in turn, requires observance of the RSAs mentioned in the order of notice, including RSA 374:22, RSA 374:26, and RSA 374:13. RSA 374:13, in particular, requires that public utilities keep accurate records, as outlined in regulatory rules. Maintaining records in connections with franchise territories is a fundamental obligation required by Puc 1603.02 (h) through (l).

Northern has requested an Order *nisi*. The Safety Division believes that a hearing may no longer be necessary, provided that all parties are in agreement regarding the proposed expanded franchise.

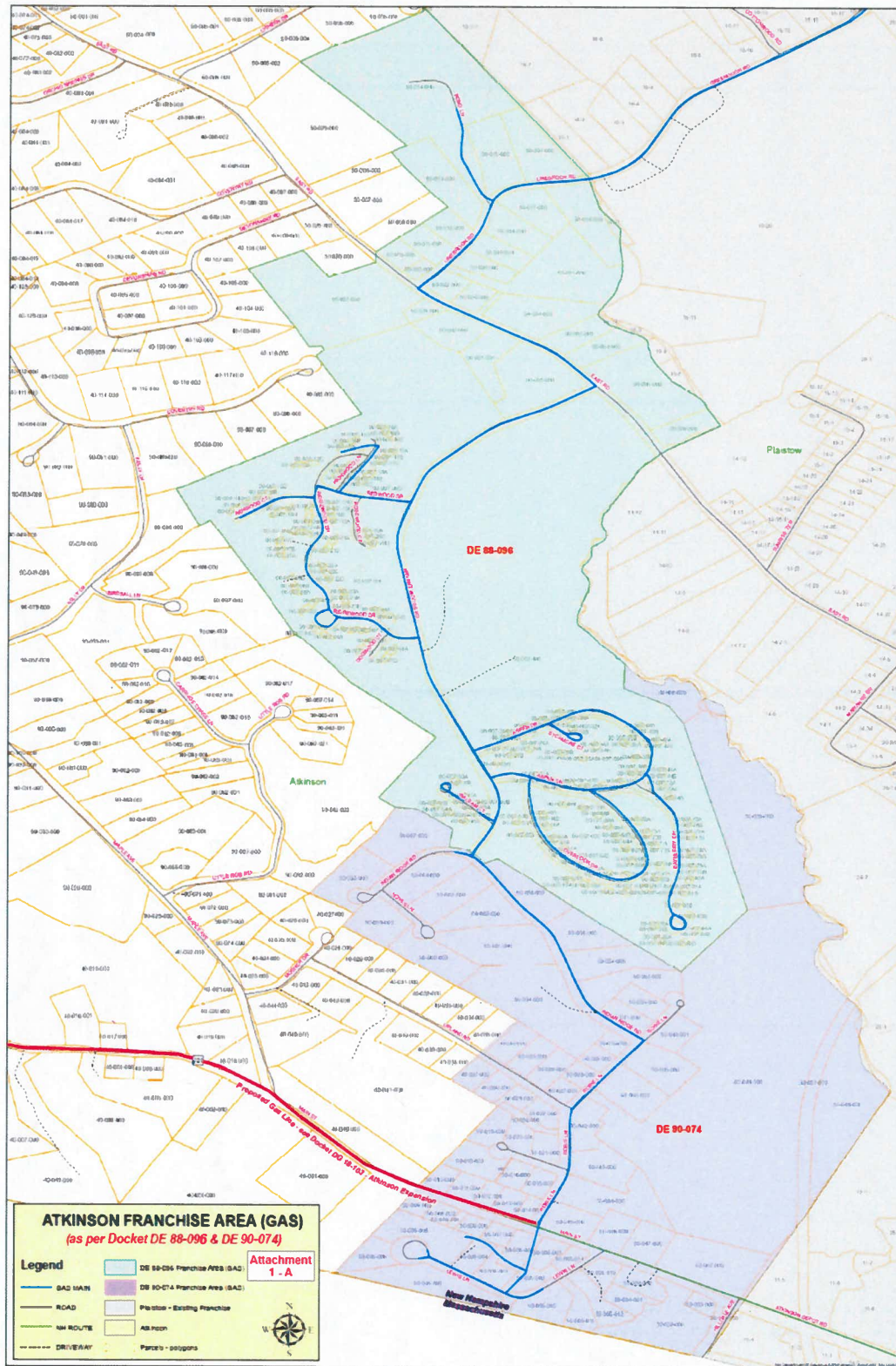
The Safety Division continues to recommend that any authority granted for the expansion of Northern's Atkinson franchise include a condition that Northern annually provide to the Commission, in an electronic format, a compatible layer² of its gas locations for Kingston, Atkinson, and all other franchises so that the Safety Division can verify franchise territory boundaries. In addition, Northern should amend its tariff to eliminate "the contiguous territory served by the Company" reference, as it will no longer apply.

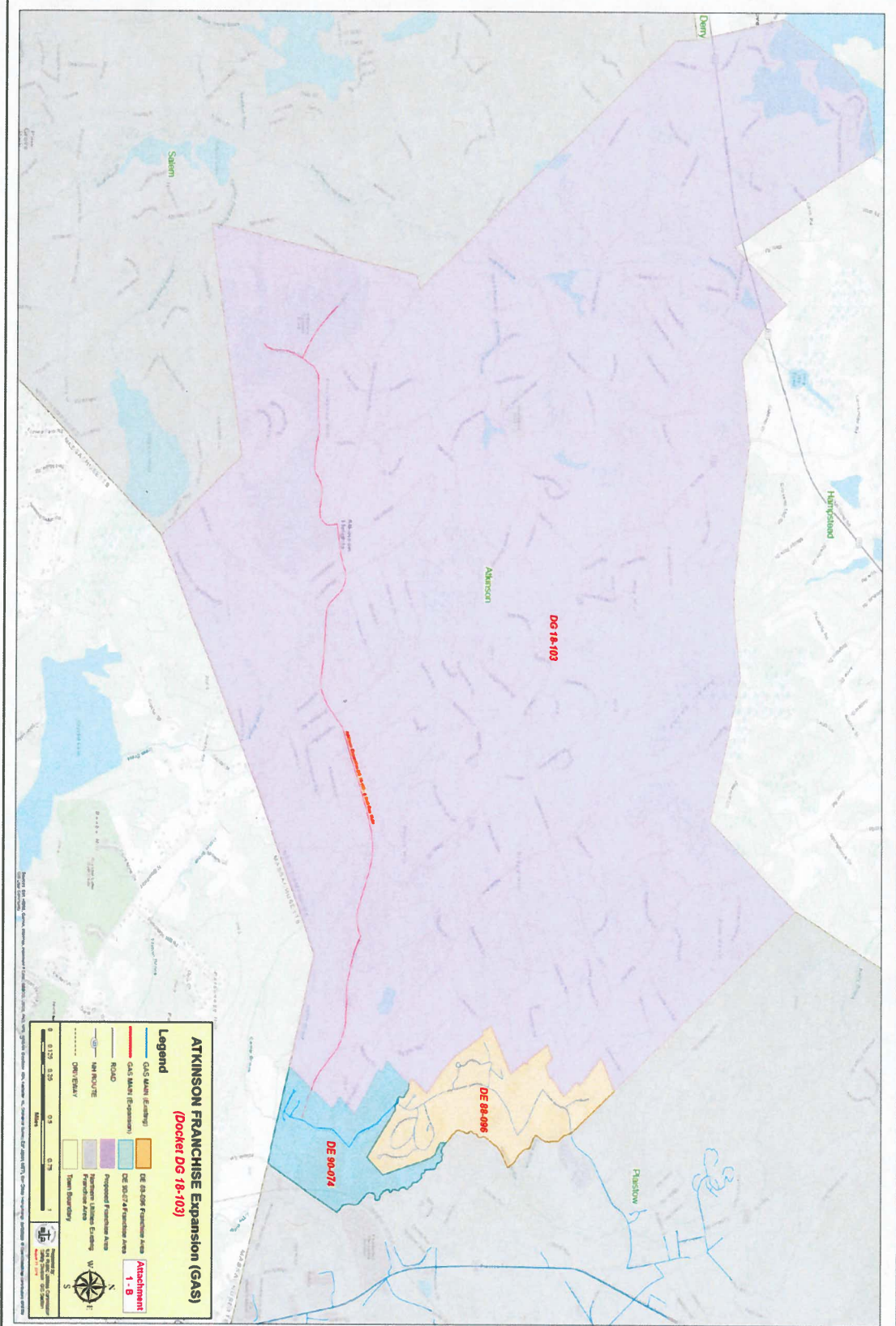
In regards to the Gas Division's recommendation of August 28, 2018, the Safety Division believes the Gas Division's recommendations can be further augmented with the inclusion of a separate reporting requirement for the first five years of actual expenditures and actual revenue margins in both Kingston and Atkinson. This detailed reporting would include incurred expenditures associated with gas mains, gas services, and metering, on an annual basis, including a cumulative total as well as the actual margins received on an annual and cumulative basis. This condition would ensure conformity with RSA 374:2 requirements that Northern offer its proposed service at just and reasonable charges to customers in Kingston and Atkinson. The Company has informally stated to the Safety Division its agreement to the cost reporting condition.

In conclusion, the Safety Division concurs with the Gas Division that an order *nisi* may be reasonable in this case.

² Such as a shape file or other mutually agreed upon format that is ESRI compatible. Currently Northern's and the Commission's GIS analysts exchange data electronically as the need arises.

Attachment 1A





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Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

Executive.Director@puc.nh.gov
al-azad.iqbal@puc.nh.gov
amanda.noonan@puc.nh.gov
carroll@unitil.com
donald.kreis@oca.nh.gov
epler@unitil.com
f.anne.ross@puc.nh.gov
jayson.laflamme@puc.nh.gov
lynn.fabrizio@puc.nh.gov
ocalitigation@oca.nh.gov
pradip.chattopadhyay@oca.nh.gov
randy.knepper@puc.nh.gov
steve.frink@puc.nh.gov
taylorp@unitil.com
william.ruoff@puc.nh.gov

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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
EXECUTIVE 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.