

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

DG 21-104

NORTHERN UTILITIES, INC.

Petition for Permanent and Temporary Rates

Order Suspending Proposed Tariff and Scheduling Prehearing Conference  
and Temporary Rate Hearing

ORDER NO. \_\_\_\_\_

August \_\_, 2021

This Order suspends Northern's gas service tariff for a permanent rate increase pending further investigation, schedules a prehearing conference for September \_\_, 2021, and schedules a hearing on temporary rates for September \_\_, 2021.

On August 2, 2021, Northern Utilities, Inc. (Northern or the Company), filed a Petition for Rate Adjustments. Northern requested a permanent rate increase of approximately \$7.8 million effective September 1, 2021, and proposed tariff revisions to accommodate the increase. Northern Petition at 2. The requested revenue requirement is based on a 10.3 percent return on equity and a weighted average cost of capital of 7.75 percent. *Id.* In the event that the Commission suspends the proposed tariff to investigate the request pursuant to RSA 378:6, the Company has requested a temporary rate increase of approximately \$3.2 million, effective October 1, 2021.<sup>1</sup> *Id.* at 4-5.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-104.html>.

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<sup>1</sup> The proposed temporary rate increase is based on the 9.5 percent return on equity approved in the Company's last rate case, combined with the capital structure and cost of debt proposed in this rate case.

The following table represents Northern’s requested temporary rate and permanent rate increase for existing rate groups.

Class of Service	Current Rate	Proposed Temporary Rate	Proposed Permanent Rate
<b>Residential Heating – R5, R10</b>			
Monthly Customer Charge	\$22.20	\$22.20	\$27.84
Usage per therm (Winter)	\$0.6920	\$0.7766	\$0.8491
Usage per therm (Summer)	\$0.6099	\$0.6945	\$0.8491
<b>Residential Non-Heating – R6</b>			
Monthly Customer Charge	\$22.20	\$22.20	\$27.84
Usage per therm	\$0.6470	\$0.7316	\$1.1208
<b>C&amp;I (Low Annual Use, High Winter Use) – G-40</b>			
Monthly Customer Charge	\$75.09	\$75.09	\$80.00
Usage per therm	\$0.1865	\$0.2144	\$0.2518
<b>C&amp;I (Med Annual Use, High Winter Use) – G-41</b>			
Monthly Customer Charge	\$222.64	\$222.64	\$225.00
Usage per therm (Winter)	\$0.2425	\$0.2704	\$0.2860
Usage per therm (Summer)	\$0.1895	\$0.2174	\$0.2860
<b>C&amp;I (High Annual Use, High Winter Use) – G-42</b>			
Monthly Customer Charge	\$1,335.81	\$1,335.81	\$1,350.00
Usage per therm (Winter)	\$0.1984	\$0.2263	\$0.2167
Usage per therm (Summer)	\$0.1206	\$0.1485	\$0.2167
<b>C&amp;I (Low Annual Use, Low Winter Use) – G-50</b>			
Monthly Customer Charge	\$75.09	\$75.09	\$80.00
Usage per therm	\$0.1865	\$0.2144	\$0.2232
<b>C&amp;I (Med Annual Use, Low Winter Use) – G-51</b>			
Monthly Customer Charge	\$222.64	\$222.64	\$225.00
Usage per therm (Winter First 1,300 therms)	\$0.1712	\$0.1991	\$0.1718
Usage per therm (Winter Excess therms)	\$0.1399	\$0.1678	\$0.1718
Usage per therm (Summer First 1,000 therms)	\$0.1337	\$0.1616	\$0.1718
Usage per therm (Summer Excess therms)	\$0.1087	\$0.1366	\$0.1718
<b>C&amp;I (High Annual Use, Low Winter Use) – G-52</b>			
Monthly Customer Charge	\$1,335.81	\$1,335.81	\$1,350.00
Usage per therm (Winter)	\$0.1720	\$0.1999	\$0.1720
Usage per therm (Summer)	\$0.0792	\$0.1071	\$0.1121

Northern included pre-filed testimony and schedules with its petition. In addition to the permanent rate increase, the Company also proposed a multi-year rate plan consisting of three annual step adjustments to recover costs associated with non-revenue producing capital investments, made by the Company during calendar years 2021, 2022, and 2023. *Id.* at 2-3. The capital investments recovered during the rate plan would include, among other things, investments related to pipe replacement programs, system improvements, and other non-growth related projects. The Company proposes a Revenue Requirement Cap, which limits the three-year step adjustment cumulative revenue increase to \$10.50 million. Any amount of the revenue requirement above that cap would be deferred at the overall rate of return established in this proceeding. The multi-year rate plan proposal would permit the Company to file a base rate case before 2024 only if its effective return on equity drops below 7%, and requires that any earnings above an 11% effective return on equity be shared 50/50 between ratepayers and shareholders. Northern Testimony and Schedules at 90-97.

In its petition, Northern proposed a revenue decoupling adjustment factor which would minimize the impact of volumetric sales on the Company's ability to collect its approved revenue requirement. Northern Petition at 3-4.

Northern proposed an arrearage management program that would allow residential customers with an arrearage of at least \$300 that is at least 60 days delinquent to enter into a payment plan which would forgive past due balances over a 12 month period. *Id.* at 4; Northern Testimony and Schedules at 617-621.

Northern's filing raises, inter alia, issues related to whether the proposed temporary and permanent rates are just, reasonable, and lawful as required by RSA 374:2 and 378:7; and whether the proposed increases will yield a just and reasonable rate of return on the prudent cost

of plant, equipment, and capital improvements used and useful in Northern's provision of service to the public, less accrued depreciation, as required by RSA 378:27 and 28.

The increases requested by Northern require a full investigation and thus suspension of the tariffs under RSA 378:6, I(a) is appropriate. 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 the proposed tariff pages are hereby suspended pursuant to RSA 378:6, I(a), pending investigation and further order of the Commission; and it is

**FURTHER 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 September \_\_, 2021, at \_\_\_\_\_ at which each party will provide a preliminary statement of its position with regard to the petition 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 Department of Energy, the Office of the Consumer Advocate, and any Intervenors hold a Technical Session to review the petition, discuss a procedural schedule, and allow Northern to provide any amendments or updates to its filing; 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 no later than September \_\_, 2021, 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 September \_\_, 2021. The Commission will also publish the order on its website <https://www.puc.nh.gov/Regulatory/ordersofnotice.htm> and it is

**FURTHER ORDERED**, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission a Petition to Intervene with electronic copies sent to Northern, the Department of Energy, and to the Office of the Consumer Advocate, on or before September \_\_, 2021, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, consistent with Puc 203.17. Pursuant to the secretarial letter issued on March 17, 2020, (see <https://puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-FilingRequirements.pdf>), any party seeking to intervene may elect to submit this filing in electronic form; and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said objection on or before September \_\_, 2021; and it is

**FURTHER ORDERED**, that a hearing on temporary rates shall be held before the Commission at 21 S. Fruit St., Suite 10, Concord, New Hampshire on September \_\_, 2021, at \_\_\_\_\_.

By order of the Public Utilities Commission of New Hampshire this \_\_\_\_\_ day of August, 2021.

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Dianne Martin  
Chairwoman

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Daniel Goldner  
Commissioner

Attested by:

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Debra A. Howland

Executive Director