

THE STATE OF NEW HAMPSHIRE



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May 24, 2017

Michael J. Sheehan  
Liberty Utilities  
15 Buttrick Road  
Londonderry, NH 03053

Re: DA 16-560, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities  
Affiliate Agreement Related to Concord Training Center

Dear Mr. Sheehan:

On May 10, 2016, and pursuant to RSA 366:3, Liberty Utilities (EnergyNorth Natural Gas) Corp. (EnergyNorth) filed a "Training Center Lease Agreement." The lease is with EnergyNorth's affiliate, Liberty Utilities (Granite State Electric) Corp. (Granite State Electric) and lists an effective date of May 1, 2016. Pursuant to the lease, EnergyNorth would lease to Granite State Electric the non-exclusive right to occupy and use the land and buildings identified as 10 Broken Bridge Road in Concord, New Hampshire, also known as the Training Center. Under the terms of the lease, Granite State Electric would pay EnergyNorth a proportionate share of the cost of ownership, operation, and maintenance of the Training Center.

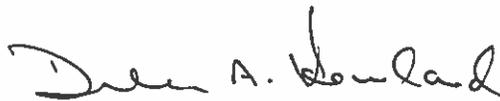
RSA 366:3 requires that public utilities file with the Commission, contracts between affiliates "for the furnishing of managerial, supervisory, construction, engineering, accounting, purchasing, financial, or another service." Further, RSA 366:3 states that the "commission may also require a public utility to file in such form as the commission may require full information with respect to any purchase from or sale to an affiliate, whether or not made in pursuance of a continuing contract or arrangement."

Under Puc 2105.09(a) (1) a utility may sell, lease, or otherwise transfer to an affiliate an asset, the cost of which has been reflected in the utility's rates for regulated service, provided that the price charged the affiliate is the highest of the net book value, fully loaded, and the current market value of the asset, as applicable. Under Puc 2105.09(a) (2), a utility may sell, lease, or otherwise transfer to an affiliate assets other than those subject to (1) above, and may also provide services to an affiliate, provided that the price charged for such asset or service is the highest of the net book value, fully loaded cost, and its current market value, as applicable.

In addition, under the provisions of RSA 374:30, “any public utility may transfer or lease its franchise, works or system, or any part of such franchise, works, or system ... when the Commission shall find that it will be for the public good and shall make an order assenting thereto, but not otherwise ....”

Because the Commission will apply additional standards for approval that were not addressed in EnergyNorth’s filing in DA 16-560, the Commission will consolidate this docket into the EnergyNorth rate case, DG 17-048.<sup>1</sup> EnergyNorth will be permitted to supplement its rate case filing (within a reasonable time frame to be worked out by the parties to DG 17-048) to demonstrate that the lease meets all applicable requirements for approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Debra A. Howland". The signature is fluid and cursive, with the first name being the most prominent.

Debra A. Howland  
Executive Director

cc D. Maurice Kreis, Consumer Advocate

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<sup>1</sup> The Commission notes that in Granite State Electric’s recent rate case, Granite State Electric provided testimony concerning the benefit of the training center for Granite State Electric. DE 16-383, Exhibit 19, Rebuttal testimony of M. Smith - S. Mullen. Also, Staff submitted testimony outlining what it thought the company should file in the Energy North rate case to allow the Commission to evaluate the company’s decision to build the training center. Exhibit 11, Testimony of Al-Azad Iqbal.

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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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.**

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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.**