

Before the Public Utilities Commission

State of New Hampshire

October 14, 2016

Joint Petition to Establish Interconnection/Transition Fund for Non-Governmental Concord Steam customers by State Senator Dan Feltes; Capital Center for the Arts; Brain Injury Association of NH; Concord Community Music School; Woman's Club of Concord; First Church of Christ, Scientist; CenterPoint Church; Concord Family YMCA; Snaphaunce Real Estate Trust; Associated Enterprises, Inc.; Resilient Buildings Group, Inc.; Jordan Institute; Ciborowski Associates; South Congregational Church; City of Concord

NOW COMES, the undersigned and respectfully petitions the Commission to, as soon as practicable, establish a fund to help certain Concord Steam customers convert and transition from steam service to natural gas service.

In support of this petition, the undersigned state as follows:

1. In Docket No. DG 16-769, Concord Steam Corporation sought an emergency rate increase and approval of its wind down plan. Concord Steam intends to cease doing business on May 31, 2017. Therefore, all of Concord Steam's customers must find alternate sources of heat, and in many cases, hot water, likely on or by that time. Additionally, in light of the timing of other projects and circumstances, some customers may need to find alternative heat and hot water before this winter.
2. Concord Steam's wind down plan includes a proposed \$1.9 million payment from Liberty Utilities (EnergyNorth Natural Gas) Corp. ("Liberty"), as provided for in the Asset Purchase Agreement (APA), which is the subject of Docket No. DG 16-770 (the "APA Docket"). Concord Steam intends use the \$1.9 million payment from

Liberty to pay off an existing loan from a local financial institution. The net effect of the \$1.9 million payment is to reduce the emergency rates requested by Concord Steam.

3. Nonetheless, a number of Concord Steam's non-governmental customers, many of whom are non-profit organizations, are facing sizable upfront costs associated with the conversions of their steam systems. This challenge is heightened due to the relatively short time period prior to Concord Steam's planned cessation of business.

4. To assist these customers with their conversion and transition from Concord Steam to natural gas service provided by Liberty, the undersigned respectfully ask the Commission to establish a \$1 million interconnection/transition fund (the "Fund").

5. The undersigned propose that the specific purpose of the Fund would be to make grants or provide other financial assistance to non-governmental Concord Steam customers, including businesses and non-profit organizations, to pay for or be reimbursed for some or all of the direct costs, or assist with financing or refinancing costs, related to the infrastructure and/or equipment necessary to interconnect and transition from Concord Steam to natural gas.

6. The undersigned respectfully ask the Commission to establish the criteria for the Fund, with such criteria to include the following:

- a. A preference for those customers that have demonstrated financial hardship and/or are non-profit organizations;
- b. A preference for the implementation of high efficiency designs;
- c. Consideration of the leveraging of third party financing or refinancing;
- d. Consideration of the remaining balance of Funds;

- e. No payments from the Fund after October 31, 2017;
- f. Consideration of other factors that the Commission determines are reasonable and consistent with the purposes of the Fund.

7. Such Fund shall be administered by the Staff of the Commission, in accordance with the Commission's order.

8. Based on discussions with Senator Dan Feltes, one of the undersigned, Liberty is willing to provide \$1 million for the Fund provided the Commission approves the conditions of Paragraph 11 below, which are similar to the conditions agreed upon by the settling parties in the APA Docket.

9. At the request of Senator Dan Feltes, Liberty updated the discounted cash flow (DCF) analysis that Liberty provided in support of the \$1.9 million payment proposed in the APA Docket to include the \$1 million payment requested in this docket. The updated DCF analysis, which is attached to this petition, shows that the combined payment of \$2.9 million still results in a significant net benefit over ten years to all Liberty customers.

10. Finally, consistent with testimony offered in the APA Docket, Liberty confirmed that it has sufficient capacity to serve all Concord Steam customers should they decide to convert to natural gas.

11. Liberty's offer to provide \$1 million for the Fund is conditioned on the Commission authorizing Liberty to create a regulatory asset for the amount it contributes to the Fund and to accrue carrying costs on that regulatory asset at the cost of capital applicable to Cast Iron/Bare Steel replacement investments. As of the effective date of permanent rates following the conclusion of Liberty's next distribution rate case, the

balance of the regulatory asset (the payment made to the Fund plus accrued carrying charges) will be amortized and recovered through Liberty's distribution rates over the next five years. Once amortization of the regulatory asset plus accrued carrying charges begins, carrying charges on the unamortized balance will accrue at Liberty's authorized cost of capital. If permanent distribution rates change as a result of a subsequent rate case, carrying charges on the unamortized balance will also change to the extent that there is a change to the cost of capital authorized in that subsequent rate case. If there is any remaining balance in the Fund as of October 31, 2017, such remaining balance shall be returned to Liberty and Liberty's regulatory asset balance will be correspondingly reduced.

12. The undersigned request that the Commission exempt customers who take service under Liberty's R-4 (low income) rate from the recovery of the regulatory asset described in Paragraph 11 above.

13. The undersigned allege that creation of the Fund as requested above is in the public interest because, among other things:

- a. The updated DCF analysis, which is attached to this petition, shows that the combined payment of \$2.9 million still results in a significant net benefit over ten years to all Liberty customers.
- b. Related to a., the Fund will help ensure actual transition and interconnection.
- c. Thousands of persons are collectively served by the churches, non-profits and businesses that need to transition off of Concord Steam. These are organizations and businesses that are vital not only to the local economy, but to the Capital corridor's tourism and overall economy. Some of these organizations help serve

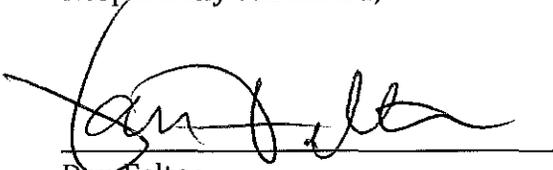
low-income people and families as well as persons with disabilities. The Fund will help minimize, albeit not eliminate, the adverse impact on these organizations and businesses, as well as the many people they help serve.

d. The highly unique circumstances of this situation, including the imminent shutdown of a public utility on a short timeframe, merit the consideration of this Fund, as well as such other relief as is just.

14. The undersigned circulated a draft of this Petition to the parties in DG 16-769 and DG 16-770 and has this final Petition to the electronic service lists for the same.

WHEREFORE, it is in the public interest to approve this Petition, and grant such other relief as is just.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dan Feltes", is written over a horizontal line. The signature is stylized and cursive.

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Respectfully submitted,

Nicolette B. Clarke

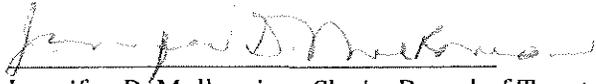
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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve Wade", written over a horizontal line.

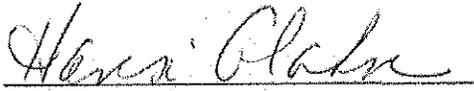
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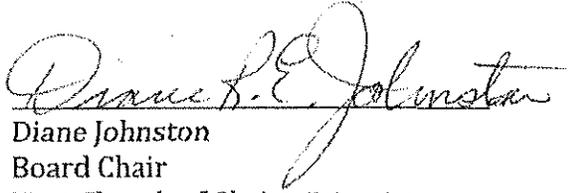
Jennifer D. Melkonian, Chair, Board of Trustees
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Respectfully submitted,



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Respectfully submitted,

A handwritten signature in cursive script that reads "Diane R. E. Johnston". The signature is written in dark ink and is positioned above the printed contact information.

Diane Johnston

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. Pelletier', is written over a horizontal line.

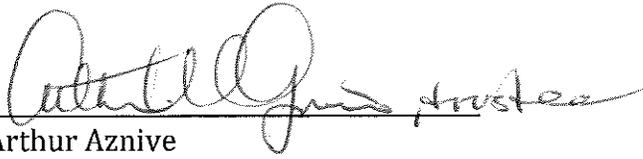
David Pelletier
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Respectfully submitted,

James S. Doremus

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Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Arthur Aznive, Trustee". The signature is written in dark ink and is positioned above a horizontal line.

Arthur Aznive

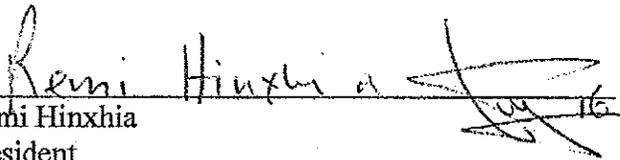
Trustee

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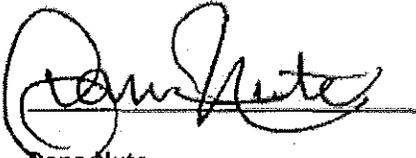
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Respectfully submitted,



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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dana Nute", written over a horizontal line.

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Moolman', is written over a horizontal line.

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Respectfully submitted,

Mark Ciborowski

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Manager

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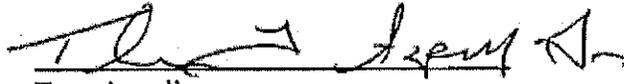
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Respectfully submitted,

Rebecca Field

Rebecca Field
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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tom Aspell", written over a horizontal line.

Tom Aspell
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