

**THE STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DG 16-827**

**CONCORD STEAM CORPORATION NON-GOVERNMENTAL CUSTOMERS**

**Joint Petition to Establish Interconnection/Transition Fund for Non-Governmental  
Concord Steam Customers**

**ORDER OF NOTICE**

On October 14, 2016, New Hampshire Senator Dan Feltes, together with a group of mostly non-governmental customers<sup>1</sup> (Customers) of Concord Steam Corporation (Concord Steam) filed a petition for Commission approval of a fund of \$1 million, to be established by Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (Liberty) as a regulatory asset, to help certain Concord Steam customers convert from steam service to natural gas service. Concord Steam is a steam utility with mostly commercial and institutional customers in Concord, which, through proceedings in Docket Nos. DG 16-769 and DG 16-770, and by Commission Orders Nos. 25,947 (Sept. 28, 2016), 25,965 (Nov. 10, 2016), and 25,966 (Nov. 10, 2016), has received Commission approval for emergency rates, discontinuation of service at the end of the 2016-2017 heating season (on or about May 31, 2017), and for a sale of certain of its assets to Liberty. Liberty is the gas utility with a franchise to serve customers in the City of Concord. The petition and subsequent docket filings, other than any information for

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<sup>1</sup> The non-governmental customers of Concord Steam that are co-petitioners for this matter are: Capital Center for the Arts; Brain Injury Association of New Hampshire; 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; and South Congregational Church. The City of Concord is also listed as a co-petitioner; though it does not qualify as a "non-governmental customer" of Concord Steam, for ease of reference, it will be included in this collective group as a "Customer."

which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2016/16-827.html>.

In their petition, Senator Feltes and the Customers note that a number of Concord Steam's non-governmental customers, many of whom are non-profit organizations, are facing sizable upfront costs associated with the conversion of their heating systems away from steam service, in preparation for Concord Steam's approved termination of service next year. To assist these customers with their conversion efforts, the petitioners request that the Commission establish a \$1 million interconnection/transition fund (Fund), with the specific purposes of: making grants or providing 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 related to the infrastructure and/or equipment necessary to interconnect and transition from Concord Steam service to natural gas service; or to assist with the financing or refinancing costs related to same. The petitioners also propose that the Commission Staff administer the Fund and they delineate a number of criteria for priority of receipt of Fund monies by customers.

The petitioners note that "[b]ased on discussion 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..." These conditions are: the Commission would authorize 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; that 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 \$1 million payment made to the Fund plus accrued carrying charges) will be amortized and

recovered through Liberty's distribution rates over the next five years; that 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; that 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. The petitioners also request that the Commission exempt Liberty's R-4 (low-income) customers from recovery of the Fund regulatory asset through distribution rates.

The filing raises, inter alia, issues related to RSA Chapter 378, and whether rates and charges resulting from the granting of the petition to establish the Fund as a Liberty regulatory asset recovered from Liberty distribution rates would be just and reasonable, and not implicate impermissible cross-subsidization by one class of Liberty customers for another class of Liberty customers; whether the proposed rate of return and other rate features proposed for the Fund, including the exemption of Liberty R-4 customers from Fund rate recovery, are just and reasonable, and whether Liberty would be able to ameliorate concerns related to cross-subsidization through the offering of a lower cost of capital structure for the Fund; whether Commission Staff has the authority to administer the Fund and whether the priority and other criteria of preference and structure proposed for the Fund are just and reasonable; whether a utility can, or should be, obligated to pay conversion costs for new customers; and whether better alternatives to the relief requested by petitioners are available, both regulated and unregulated, to

assist customers in the transition away from Concord Steam service. 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 Liberty is now a mandatory party to this proceeding; 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 December 21, 2016 at 10:00 a.m., 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, the Customers, Liberty, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition; and it is

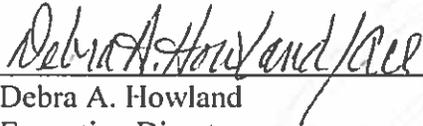
**FURTHER ORDERED**, that pursuant to N.H. Code Admin. Rules Puc 203.12, the Executive Director shall notify all persons desiring to be heard at this prehearing by publishing a copy of this Order of Notice no later than December 1, 2016, on the Commission's website, as well as a summation of this order through the use of a display ad, to be published no later than December 8, 2016, in a newspaper of statewide circulation in that portion of the state in which operations are conducted, to be documented by affidavit filed with the Commission on or before December 16, 2016; and it is

**FURTHER ORDERED**, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Senator Dan Feltes on behalf of the Joint Petitioners, and the Office of the Consumer Advocate on or before December 16, 2016,

such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said Objection on or before December 21, 2016.

By order of the Public Utilities Commission of New Hampshire this twenty-third day of November, 2016.

  
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Debra A. Howland  
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

**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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Docket #: 16-827-1      Printed: November 23, 2016

**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.**