

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 11-069

NORTHERN UTILITIES, INC.

Notice of Intent to File Rate Schedules

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

ORDER NO. 25,225

May 27, 2011

On May 4, 2011, Northern Utilities, Inc. (Northern or Company) made a delivery rate filing requesting permission to implement new permanent delivery rates for natural gas service and to implement temporary delivery rates, pursuant to RSA 378:27, effective with service rendered on and after August 1, 2011. The Company also seeks authority to implement a “Targeted Infrastructure Replacement Adjustment” (TIRA) mechanism relating to expenditures commencing January 1, 2012 and thereafter pursuant to the Company’s Bare Steel Replacement Program (BSRP). The first TIRA is proposed to be implemented on May 1, 2013, and annually thereafter on May 1 of each subsequent year. Finally, the Company moves for confidential treatment for certain accounting model and financial projection related information.

Northern proposes new permanent delivery rates, effective with service rendered on and after June 3, 2011, that are designed to produce an increase of \$3,744,523 in annual revenues. According to the Company’s filing, based upon its proposal a residential heating customer will experience an increase of approximately 8.0 percent in annual bills, while residential non-heating customers will see an increase of about 12.0 percent annually. Commercial and industrial high

use customers would experience an increase of 1.1 to 6.0 percent, while commercial and industrial low use customers would have increases of 0.8 to 7.0 percent.

In addition to its request for an increase in delivery rates, the Company proposes other changes aimed at modifying its cost recovery. Specifically, Northern has proposed the implementation, at the conclusion of this rate proceeding, of a step adjustment mechanism, estimated to produce an annual increase of \$1.43 million in the Company's distribution revenue that relates to calendar year 2011 capital expenditures. Also, with respect to the proposed TIRA, related to the Company's BSRP, Northern expects that the TIRA will produce approximately \$700,000 in additional distribution revenue beginning in May 2013, to be applied towards prior BSRP expenditures. Additionally, the Company has proposed a Dual Fuel Equipment Rider Tariff that allows the Company to bill dual fuel customers (a customer that has the ability to switch from an alternate fuel to natural gas delivery service with little or no notice) a Minimum Daily Quantity. The Company asserts that the proposed tariff will assure the customer of the continued availability of the delivery system capacity, allowing the customer to optimize its fuel choice at their sole discretion, while assuring that the costs associated with the Company's delivery system are paid for by the customer.

Regarding the Company's temporary rate filing, Northern seeks an increase of \$1,756,248 in annual operating revenues. Such temporary rates would result in an increase in customers' total bills¹ on average by approximately 2.8 percent.

According to the Company, the increase in its rates is necessary because it is unable to earn the rate of return authorized by the Commission in its last rate case, Docket No. DG 01-182.

¹ Total bills include delivery, supply and local distribution adjustment charges.

See Northern Utilities, Inc., Order No. 24,075 (October 28, 2002). In particular, the Company states that, for the test year ended December 31, 2010, its earned rate of return on equity was 5.67 percent, as opposed to the 9.67 percent return on equity authorized by the Commission.

The filing raises, inter alia, issues related to whether the proposed temporary and permanent rates, and proposed step adjustments, are just, reasonable and lawful as required by RSA 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 378:28. 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 for natural gas delivery service filed by Northern, be and they hereby are suspended, pursuant to RSA 378:6, I(a) pending investigation and further order of the Commission; and it is

FURTHER ORDERED, that a pre-hearing conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 16, 2011 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition for temporary rates and any of the noticed issues; and it is

FURTHER ORDERED, that, immediately following the pre-hearing conference, the Staff of the Commission and any intervenors hold a technical session to review the filing and

allow Northern to provide any amendments or updates to its filing and establish a proposed procedural schedule for this proceeding; and it is

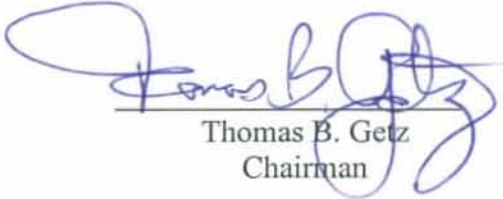
FURTHER ORDERED, that pursuant to Puc 203.12, Northern shall notify all persons desiring to be heard at this pre-hearing conference by publishing a copy of this Order of Notice no later than June 2, 2011 in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before June 16, 2011; and it is


FURTHER ORDERED, that pursuant to Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission an original and eight copies of a petition to intervene with copies sent to the Company and the Office of the Consumer Advocate on or before June 13, 2011, 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 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 such objection on or before June 16, 2011; and it is

FURTHER ORDERED, that a hearing on temporary rates shall be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on July 13, 2011 at 10:00 a.m.


By order of the Public Utilities Commission of New Hampshire this twenty-seventh day
of May, 2011.


Thomas B. Getz
Chairman


Clifton C. Below
Commissioner


Amy L. Ignatius
Commissioner

Attested by:


Lori A. Davis
Assistant Secretary

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.

