

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 12-051

NEW HAMPSHIRE GAS CORPORATION, ET AL.

Petition to Approve an Internal Corporate Reorganization

Order *Nisi* Approving Petition

ORDER NO. 25,366

May 15, 2012

On February 23, 2012, New Hampshire Gas Corporation (NH Gas) , a propane-air gas utility serving customers in Keene, and its corporate affiliates, Iberdrola USA Enterprises (Enterprises), Iberdrola USA Networks (Networks)¹, Iberdrola USA, Inc. (Iberdrola USA), and Iberdrola Finance UK Limited (collectively, "Petitioners"), filed a petition for approval pursuant to RSA 369:8, II(a) and RSA 374:33 for an internal corporate reorganization that would involve transfer of the ownership of NH Gas within the Iberdrola, S.A. (Iberdrola Spain) parent company structure. The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, is posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2012/12-051.html>

The proposed reorganization would result in the insertion of two intermediate holding companies in the chain of ownership of NH Gas. The first new intermediate holding company would be Networks, which would own all of the stock of Enterprises which, in turn, owns all of the stock of NH Gas. Networks will be a direct, wholly-owned subsidiary of Iberdrola USA, and will be responsible for directly holding all of Iberdrola Spain's regulated electric and gas utilities in the United States (including NH Gas and its service affiliates, New York State Gas & Electric

¹ According to petitioners, Iberdrola USA Networks will be formed following the receipt of all necessary regulatory approvals for the internal corporate reorganization described in the petition.

Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E)). The second newly-formed intermediate holding company will be Iberdrola Finance UK Limited, a direct, wholly-owned subsidiary of Iberdrola Spain that will own all of the stock of Iberdrola USA.

The Petitioners seek approval of these transactions under RSA 369:8, II(a) and RSA 374:33, as transfer of more than 10 percent of the share ownership of NH Gas, a New Hampshire public utility under RSA 362:2, is implicated by this proposal. The Petitioners have asserted that no adverse effect on the rates, terms, service or operation of NH Gas would result from the proposed reorganization, and that this reorganization, by enhancing administrative efficiencies in the Iberdrola Spain U.S. operations through centralization in Networks, is proper and in the public interest.

Staff engaged in two rounds of discovery served on the Petitioners, and viewed the petition to be complete pursuant to RSA 369:8 as of April 11, 2012, on the basis of satisfactory answers provided by the Petitioners to the second round of discovery. Through discovery, Staff received the Petitioners' confirmation that: (1) Networks will have the same decision-making role currently occupied by Iberdrola USA in the operation of Iberdrola Spain's U.S. regulated utilities, including NH Gas; (2) none of the annual operating expenses incurred by Networks will be charged to NH Gas; (3) the insertion of the Networks and Iberdrola Finance UK Limited entities are the only corporate changes contemplated as part of the petitioned-for reorganization; (4) Iberdrola Finance UK Limited will not have a decision-making role in the management of Iberdrola Spain's U.S. regulated utilities, including NH Gas; and (5) there would be no changes to annual affiliate expense charged to NH Gas as a result of the proposed reorganization.

On the basis of these representations by the Petitioners, and Staff's review of the filing, Staff recommended, in a memorandum filed on April 27, 2012, that the Commission approve the proposed reorganization under RSA 369:8, II(a) and RSA 374:33 by Order *Nisi*.

We have reviewed the petition and Staff's recommendation, and have concluded that the proposed transaction will have no adverse effect on the rates, terms, service or operation of NH Gas. We find that the Petitioners' proposal is lawful, proper, and in the public interest and; therefore, we approve this petition.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, the Petitioners' proposed reorganization, pursuant to RSA 369:8, II(a) and RSA 374:33, is APPROVED; and it is

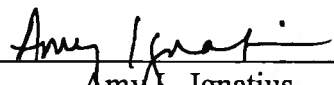
FURTHER ORDERED, that the Petitioners shall cause a copy of this Order *Nisi* to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than May 25, 2012 and to be documented by affidavit filed with this office on or before May 29, 2012; and it is

FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than June 1, 2012 for the Commission's consideration; and it is


FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than June 8, 2012; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective June 15, 2012, unless the Petitioners fail to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

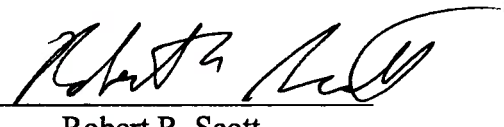
By order of the Public Utilities Commission of New Hampshire this fifteenth day of May, 2012.



Amy L. Ignatius
Chairman

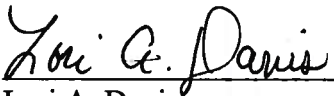


Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Lori A. Davis
Assistant Secretary