

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 13-149

**ENERGYNORTH NATURAL GAS, INC.
d/b/a LIBERTY UTILITIES**

Cast Iron/Bare Steel Replacement Program

Order Approving Revised Distribution Rate

ORDER NO. 25,530

June 26, 2013

APPEARANCES: Sarah B. Knowlton, Esq. for Energy North Natural Gas, Inc. d/b/a Liberty Utilities; and Alexander F. Speidel, Esq., for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On May 15, 2013, EnergyNorth Natural Gas, Inc. d/b/a Liberty Utilities (Liberty) filed its fiscal year 2013 (April 1, 2012-March 31, 2013) Cast Iron/Bare Steel (CIBS) Replacement Program Results. As a result of work completed in fiscal year 2013, Liberty seeks an increase in its base distribution rates to raise annual revenues by \$157,667 effective for usage on and after July 1, 2013. The program results and request for a rate increase are filed pursuant to the merger settlement agreement in Docket No. DG 06-107 approved by the Commission in *National Grid plc, et al.*, Order No. 24,777 (July 12, 2007), and the settlement agreement in Docket No. DG 11-040 approved by the Commission in *National Grid USA, et al.*, Order No. 25,370 (May 30, 2012).

On May 17, 2013, the Commission issued an order of notice setting a hearing on the matter for June 14, 2013. Staff issued discovery in advance of the hearing; no other parties intervened in the docket and the hearing was held on June 14, 2013 as scheduled.

II. POSITIONS OF THE PARTIES AND STAFF

A. Liberty

Liberty's initial filing outlined the nature of the costs it may recover through the CIBS program and costs that are not to be included for recovery. Liberty's filing stated that on January 13, 2012, Liberty made its proposed fiscal year 2013 program filing with the Commission. On March 16, 2012, the filing was reviewed with Staff for project selection and scope. Liberty's filing showed actual, recoverable CIBS spending of \$2,336,165 for the fiscal year. As part of the CIBS program, Liberty is not permitted to recover revenue relating to the first \$500,000 of CIBS spending. *See National Grid plc, et. al.*, Order No. 24,777 (July 12, 2007) at 29; *see also EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 25,127 (June 30, 2010) at 2. Therefore, before calculating the amount to be added to rate base, Liberty subtracted \$500,000 from the actual spending figure. The result was a total incremental expenditure of \$1,836,165 for inclusion in rate base and a resulting incremental revenue requirement of \$157,667.

That incremental revenue requirement would be recovered through a pro rata increase to the delivery rate components for all customer classes; on an overall bill basis, the increase to a residential heating customer would be \$1.25 for a customer using 1,250 therms per year, representing a 0.08% increase. On May 31, 2013, Liberty filed annotated tariff pages incorporating its CIBS program-related increases in distribution revenues.

According to Liberty's filing, Liberty's proposed plan for fiscal year 2013 called for the replacement of 1.87 miles of cast iron and bare steel pipes at an estimated total cost of \$3,328,836. During the year, Liberty actually replaced 1.65 miles of pipes at a total cost of \$2,442,640, or \$2,336,165 in recoverable costs, which included \$455,819 of costs incurred in

fiscal year 2013 for work completing several projects that were actually part of the fiscal year 2012 program.

As during its testimony related to CIBS program filing in past years, *see, e.g., EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 25,127 (June 30, 2010) at 4-5, Liberty, in its CIBS filing, provided testimony regarding continuing pending litigation related to so-called road degradation fees sought by the cities of Manchester and Concord, and future treatment of any refunds of such fees potentially resulting from such litigation. *See* Hearing Exhibit 1, Bates Pages 11-14; 24-25. In its closing, Liberty recommended that its filing be approved.

B. Staff

Staff, in its closing, stated that it had no objection to approval of Liberty's filing.

III. COMMISSION ANALYSIS

Based upon our review of the record presented in this docket, we find that Liberty's proposed adjustments will result in rates that are just and reasonable as required by RSA 378:7. Specifically, we approve the addition of \$1,836,165 in expenditures to Liberty's rate base and the commensurate incremental increase in its revenue requirement of \$157,667. We also find the proposed annotated tariff pages filed by Liberty on May 31, 2013 to be consistent with our determination in this Order, and thereby approve them.


Based upon the foregoing, it is hereby

ORDERED, that Liberty be permitted to increase its base distribution rates to increase annual revenues by \$157,667, effective July 1, 2013 on a service rendered basis; and it is


FURTHER ORDERED, that Liberty shall continue to work with Staff on applying cost control methods prior to the next CIBS proceeding; and it is

FURTHER ORDERED, that the properly annotated tariff pages filed by Liberty with the Commission on May 31, 2013, as required by N.H. Code Admin. Rules Puc 1603, and consistent with this Order, are APPROVED.

By order of the Public Utilities Commission of New Hampshire this twenty-sixth day of June, 2013.



Amy L. Ignatius
Chairman



Michael D. Harrington
Commissioner

Attested by:



Debra A. Howland
Executive Director