

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 17-070

NORTHERN UTILITIES, INC.

Petition for Permanent and Temporary Rates

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

ORDER NO. 26,024

June 15, 2017

This Order suspends Northern's gas service tariff for a permanent rate increase pending further investigation, schedules a prehearing conference for July 6, 2017, and schedules a hearing on temporary rates for July 24, 2017.

On June 5, 2017, Northern Utilities, Inc. (Northern or the Company), filed a Petition for Rate Adjustments. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2017/17-070.html>.

Northern's petition requests authority to (1) implement new permanent rates beginning July 5, 2017, for natural gas delivery service that are designed to increase Northern's annual revenues by \$4,728,445; and (2) implement a multi-year rate plan which includes a capital cost recovery mechanism consisting of three rate increases on July 1, 2018, 2019, and 2020. Each of the three annual rate increases is projected to add approximately \$2,000,000 to Northern's distribution revenues, and the Company proposes a cumulative cap of \$7,100,000, subject to earnings sharing limitations and adjustments for exogenous events. The petition also makes rate design changes to move Northern toward cost-based distribution rates; and requests temporary

rates effective August 1, 2017. The temporary rates are designed to increase Northern's revenues by \$1,996,875 on an annual basis.

Northern filed direct testimony and exhibits in support of the proposed rates, and related supplemental information, including the proposed tariff, in accordance with N.H. Code Admin. Rules Puc Chapter 1600. Northern also filed a Motion for Protective Order and Confidential Treatment to protect from public disclosure revenue amounts from Northern's special contracts, and compensation information for certain company officers.

Northern's filing indicated that for the year ending December 31, 2016, its weather-normalized earnings resulted in an earned return on equity of 8.47%, which is below its current allowed return on equity of 9.5 percent. Northern stated that it seeks the temporary rate increase in order to expeditiously address its current under-earning. Northern proposes to collect the temporary rate increase through a uniform increase of \$0.0285 per therm applied to all rate schedules. This would result in an average increase to residential heating customers of \$1.44 per month, or 1.7 percent and \$0.42 or 1.1 percent for residential non-heating customers. The estimated increases for commercial and industrial customers range from 2.1 percent to 4.0 percent.

According to Northern, the proposed permanent rates would result in an average monthly bill increase of \$10.10 or 10.0 percent for residential heating customers, and \$4.84 or 13.1 percent for residential non-heating customers. Increases for commercial and industrial customers range from 2.6 percent to 6.0 percent.

Northern's filing raises, inter alia, issues related to whether the proposed temporary and permanent rates are just, reasonable, and lawful as required by RSA 374:2 and 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 28.

The increases requested by Northern require a full investigation and thus suspension of the tariffs under RSA 378:6, I(a) is appropriate. 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 are hereby suspended pursuant to RSA 378:6, I(a), pending investigation and further order of the Commission; 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 July 6, 2017, 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, Northern, the Staff of the Commission, and any Intervenors hold a Technical Session to review the petition, discuss a procedural schedule, and allow Northern to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Northern shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order no later than June 26, 2017, 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 July 5, 2017; 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 Northern and the Office of the Consumer Advocate on or before July 5, 2017, 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

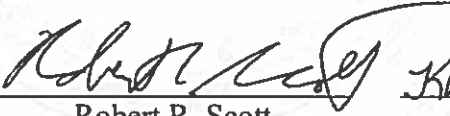
FURTHER ORDERED, that any party objecting to a Petition to Intervene make said objection on or before July 6, 2017; and it is

FURTHER ORDERED, that a hearing on temporary rates shall be held before the Commission at 21 S. Fruit St., Suite 10, Concord, New Hampshire on July 24, 2017, at 1:30 p.m.

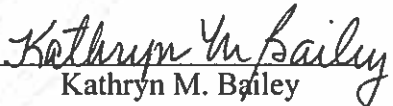
By order of the Public Utilities Commission of New Hampshire this fifteenth day of June, 2017.



Martin P. Honigberg
Chairman

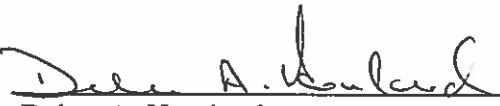


Robert R. Scott
Commissioner



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director