

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 17-108

**LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES**

**Petition for Approval of Special Contract with
the Concord Family YMCA**

Order Approving Special Contract

ORDER NO. 26,045

August 1, 2017

This order approves a special contract for gas service between Liberty and the Concord Family YMCA.

I. BACKGROUND AND POSITIONS OF THE PARTIES

On June 23, 2017, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (“Liberty” or “the Company”) filed a petition seeking approval of its special contract with the Concord Family YMCA (“YMCA”). 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://puc.nh.gov/Regulatory/Docketbk/2017/17-108.html>.

The proposed contract has a term of seven years following Commission approval, with provisions for early termination. Under the terms of the contract, Liberty proposes to loan the YMCA \$50,000 for costs of conversion from steam to natural gas heat, which is less than the full cost of the conversion, to be repaid as a surcharge of \$595.24 per month for seven years.

The genesis of this special contract was the impending termination of Concord Steam service (on or about May 31, 2017), as approved by Commission Order Nos. 25,947 (September 28, 2016), 25,965 (November 10, 2016), and 25,966 (November 10, 2016). Liberty,

as the gas utility offering service in the City of Concord, has been involved in converting many of Concord Steam's customers to natural gas heat. The YMCA is such a customer.

On October 14, 2016, a number of Concord Steam customers petitioned the Commission to establish an interconnection/transition fund for Concord Steam's non-governmental customers. The proposal set forth by the petitioners called for Liberty to establish a \$1 million fund as a regulatory asset on which Liberty would earn its full rate of return. *Concord Steam Corporation Non-Governmental Customers*, Order No. 26,017 at 1 (May 11, 2017). Although the Commission denied the petition, the Commission approved an alternative funding proposal made by Commission Staff ("Staff") with Liberty's concurrence. *Id.* at 13. Due to the special circumstances associated with certain of Concord Steam's customers, Staff recommended that twelve non-profit and two residential customers be offered some assistance in converting from the no-longer-available steam to gas if they could demonstrate that the cost of their conversion would not be recovered in five years or less from energy savings resulting from the switch from steam to natural gas.

Subject to this eligibility screen and approval under RSA 378:18, Liberty would be permitted to offer special contracts to eligible non-profit and residential customers. The special contracts were to include an on-bill financing option for up to \$50,000 in conversion costs, with the total amount of funding to be provided by Liberty not to exceed \$200,000, to be recovered by Liberty through the Local Distribution Adjustment Charge expense accounting. *Id.* at 10.¹

In its petition, Liberty represented that its special contract with the YMCA meets the requirements of RSA 378:18 and the material terms of the alternative funding proposal approved by the Commission. These terms include (1) on-bill financing with fixed monthly payments over

¹ The purpose of the LDAC is to allow Liberty to adjust delivery charges on an annual basis to recover various expenses as approved by the Commission from time to time. The money loaned by Liberty to the YMCA will be treated as an LDAC expense and repayments treated as LDAC revenue when received. Those LDAC charges and credits will be applied uniformly to all Liberty customers.

a period not to exceed seven years included on the YMCA's gas bills with no interest, (2) an accounting for the loans and their repayment, (3) that payment obligations will follow the original owner and the property, jointly and severally, (4) that Commission rules for collections, deposits, and termination of service for non-payment will apply, and (5) that Liberty may refuse service to subsequent customers at the same location if payment is not made. Petition at 2.

On July 14, 2017, Staff filed a report recommending that the Commission approve the special contract. Staff determined that the YMCA qualifies for the funding proposal approved by the Commission in Order No. 26,017 because the YMCA's estimated eligible conversion costs of \$91,400 exceed its estimated five-year energy savings of \$61,229. Consequently, Staff determined that special circumstances exist to justify departure from Liberty's tariffed rates for the YMCA. Staff also stated that the terms of the special contract comply with the conditions of the transition assistance fund approved by the Commission.

II. COMMISSION ANALYSIS

RSA 378:18 authorizes the Commission to approve a special contract when "special circumstances exist which render such departure from the general schedules just and consistent with the public interest."

The circumstances of this special contract are unique, arising from the closure of Concord Steam and the requirement for the YMCA to convert to an alternative heating service. The proposed collection of the loan as a surcharge on the YMCA's natural gas bill and the terms and provisions of the special contract are appropriate and economically justified. We find that special circumstances exist and that the proposed special contract between Liberty and the YMCA is just and consistent with the public interest. Accordingly, we approve the special contract.

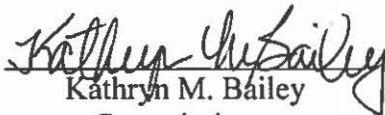
Based upon the foregoing, it is hereby

ORDERED, that the proposed special contract between Liberty and the Concord Family YMCA is hereby APPROVED.

By order of the Public Utilities Commission of New Hampshire this first day of August, 2017.

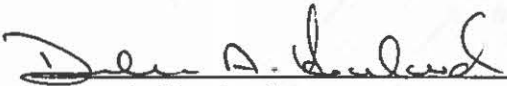


Martin P. Honigberg
Chairman



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

