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August 7, 2013

Via Electronic Mail and Hand Delivery

Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit St., Suite 10
Concord, NH 03301-2429

Re: DG 13-198: Investigation Into Line Extension Policy Matters

Dear Ms. Howland:

On July 24, 2013, the Commission issued an Order of Notice opening the above-referenced docket to investigate, per the request of the Commission Staff, the line extension policy of EnergyNorth Natural Gas, Inc. d/b/a Liberty Utilities (“EnergyNorth”). The Order of Notice states that the Commission’s investigation shall include inquiry into “the potential errors of [EnergyNorth’s] predecessor parent company and current service affiliate,” National Grid USA (“National Grid” or “the Company”), and indicates that National Grid shall be a mandatory party in the investigation. Order of Notice at p. 2. As discussed below, National Grid is assisting EnergyNorth in responding to the Staff’s requests for information pursuant to a Transition Services Agreement between the companies. However, National Grid objects to its inclusion as a mandatory party to the investigation in Docket 13-198 because it is not a public utility subject to the jurisdiction of the Commission. The Company respectfully requests that the Commission clarify the scope of this docket to remove National Grid as a mandatory party and remove National Grid’s name from the caption in this case.

In Order No. 25,370 (issued May 13, 2012) the Commission approved, *inter alia*, the transfer of ownership of EnergyNorth from National Grid NE Holdings 2 (“National Grid NE”) to Liberty Energy NH. National Grid USA, a public utility holding company incorporated in the state of Delaware, was an indirect owner of National Grid NE Holdings 2 at the time of the approved transaction, which closed on July 3, 2012. As of the closing, National Grid and EnergyNorth entered into an Amended and Restated Transition Services Agreement (“TSA”) pursuant to which National Grid agreed to provide certain transition services to EnergyNorth for a specified transition period. Subsequent to the closing, neither National Grid nor National Grid NE retained any ownership interest in or control over EnergyNorth.

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Though National Grid continues to provide certain transition support services to EnergyNorth under the TSA, it is not a public utility subject to the Commission's jurisdiction. "Public utility" is defined to include, among other entities: "every corporation, company, association, joint stock association, partnership and person . . . owning, operating or managing any plant or equipment or any part of the same . . . for the manufacture or furnishing of light, heat, sewage disposal, power or water for the public." RSA 362:2, I. National Grid does not own, operate or manage EnergyNorth or any part of its plant or equipment, and therefore does not meet this definition. The Commission's general supervisory powers are limited to "all *public utilities* and the plants owned, operated and controlled by the same so far as necessary to carry into effect the provisions of [Title XXXIV of the New Hampshire Revised Statutes]." RSA 374:3 (emphasis added). Under the statutes cited in the Order of Notice, the Commission has the power "to keep informed as to all *public utilities* in the state," RSA 374:4 (emphasis added), and may investigate "any act or thing having been done, or having been omitted or proposed by any *public utility*." RSA 365:5 (emphasis added). Because National Grid is not a public utility as defined in RSA 362:2, it does not stand within the jurisdictional reach of the Commission as a general matter or for the purposes of this investigation. *See, e.g., In re Campaign for Ratepayers' Rights*, 162 N.H. 245, 250 (2011) ("[A] tribunal that exercises a limited and statutory jurisdiction is without jurisdiction to act unless it does so under the precise circumstances and in the manner particularly prescribed by the enabling legislation."). Because the Commission lacks personal jurisdiction over National Grid, the Company objects to its inclusion as a mandatory party to Docket 13-198.

Notwithstanding the jurisdictional limitations stated above, National Grid's inclusion as a mandatory party in Docket 13-198 is unnecessary. Among the transition services currently provided by National Grid to EnergyNorth under the TSA are regulatory support services, including, upon the request of EnergyNorth, "assisting with responses to inquiries from regulators." Transition Services Agreement, Schedule A § III, F. National Grid has already provided assistance to EnergyNorth in responding to Staff's data requests in this docket and in preparing for the technical session held on August 2, 2013, and it will continue to provide such assistance pursuant to the terms of the TSA. To the extent that the Staff wishes to examine EnergyNorth's CIAC cost-assessment methodologies, it should be able to do so through discovery upon EnergyNorth, which may in turn seek assistance from National Grid under the TSA. National Grid is committed to providing such assistance.

National Grid appreciates the Commission's consideration of its objection to being included as a mandatory party. Please do not hesitate to contact me should you have any questions regarding the issues raised in this letter.

Sincerely,



Patrick H. Taylor

cc: Service List