

THE STATE OF NEW HAMPSHIRE
Before the
PUBLIC UTILITIES COMMISSION

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Petition for Expansion of Franchise to Town of Pelham and Windham

Docket No. DG 15-362

NORTHERN UTILITIES, INC.
LATE-FILED PETITION TO INTERVENE

REQUEST OF NORTHERN UTILITIES, INC. TO SUBMIT REPLY

Northern Utilities, Inc. (“Northern” or “the Company”) hereby requests leave to submit its reply, as incorporated herein, to the objection of Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (“Liberty”) to Northern’s petition for full party Intervenor status in the above captioned matter pursuant to RSA 541-A: 32 and N.H. Code of Admin. Proc. Puc 203.17. In support hereof, Northern states the following:

1. Liberty asserts that Northern’s stated interest in this docket is limited to “how the Commission addresses ratemaking issues in this case to the extent it seeks franchise expansions in the future.” Liberty Obj. at ¶1. Though such interest is, taken alone, sufficient to support Northern’s intervention in this docket, Liberty construes Northern’s petition too narrowly.

2. As Northern explained in its petition, there are numerous important policy concerns at issue in the case, all of which affect Northern as New Hampshire’s only other regulated natural gas utility. Those issues include, but are not limited to: (1) the appropriate financial model and method(s) used to evaluate the financial viability of large gas distribution expansion projects; (2) the proper ratemaking treatment associated with investments to expand into new franchise areas; and (3) the effective geographic area to be included within the scope of a request to expand into a new franchise area.

3. With respect to the appropriate financial model and method(s) to be used to evaluate the financial viability of a distribution system expansion, it appears that Liberty proposes a significant departure from the use of a Discounted Cash Flow (DCF) methodology. The Commission has determined that the DCF methodology is the appropriate framework to evaluate the financial viability of large gas distribution expansion projects. *See* EnergyNorth Natural Gas, Inc., Order No. 22,667, 82 NH PUC 557, 558-59 (1997); Northern Utilities, Inc., Order No. 24,287, 2004 NH PUC Lexis 15 **8-9 (2004). The DCF test “is intended to ensure that the

incremental load has a positive impact on future earnings and thus does not contribute to any revenue deficiency that could ultimately be borne by existing customers, or stated more simply, that the cost of the extension is borne by the customer(s) requesting it.” Northern Utilities, Inc., Order No. 24,287, 2004 NH PUC Lexis 15 *3 (2004).

4. For example, Liberty has proposed that a significant portion of the costs associated with extending its franchise into Pelham and Windham (\$1,249,779, or 43% of total project costs, associated with new interconnection infrastructure) be recovered from all EnergyNorth customers as opposed to revenues generated by potential new customers. The exclusion of such costs from the DCF model would directly affect the manner in which Northern evaluates its own expansion projects going forward, and Northern should be allowed to participate in and contribute to this docket.

5. Furthermore, the economic analysis proposed by Liberty is based on potential load in the franchise area as opposed to actual service requests. Thus, to the extent that the potential is not realized in the time frame projected by Liberty, the cost of the expansion will be spread across all of Liberty’s ratepayers. The socialization of all costs related to Liberty’s proposed expansion into rate base, including interconnection infrastructure as well as mains and services, will represent a shift in ratemaking policy that directly affects Northern.

6. As noted in its petition for intervention, Northern supports the expansion of gas distribution service in New Hampshire. The shifts in policy proposed by Liberty in relation to the application of the DCF analysis and ratemaking treatment of new distribution infrastructure appear to further that goal. As the only other natural gas utility in the State of New Hampshire, Northern must have a voice in these proceedings, not only because its interests will be directly affected by the outcome, but because Northern can contribute meaningfully to the discussion of policy matters at issue.

7. Northern also has an interest in the manner in which the Commission grants franchises, specifically with regard to the effective geographic area included within the scope of a new franchise area. If, for example, the Commission were to adopt the DCF and ratemaking policies proposed by Liberty in this docket, Northern would assess the possibility of serving customers in Pelham and Windham. As such, Northern has significant interests at stake in this docket and should be permitted to intervene.

WHEREFORE Northern respectfully requests that the Commission grant its Late-Filed Petition to Intervene consistent with RSA 541-A:32 and Puc 203.17 and such further relief as may be just and equitable.

Respectfully submitted,

Dated: November 17, 2015

By: 

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Certificate of Service

I hereby certify that on November 17, 2015, a copy of the foregoing Request to Submit a Reply in this docket has been served by electronic mail to the service list in this docket.

By: 

Patrick Taylor