

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 13-086

NORTHERN UTILITIES, INC.

Notice of Intent to File Rate Schedules

Order Suspending Proposed Tariff and Scheduling Prehearing Conference

ORDER NO. 25,504

May 6, 2013

On April 15, 2013, Northern Utilities, Inc. (Northern or Company) made a delivery rate filing requesting permission to implement new permanent delivery rates for natural gas service and to implement temporary delivery rates, pursuant to RSA 378:27, effective with service rendered on and after July 1, 2013. Northern requests Commission approval to implement a multi-year “alternative rate plan,” which would include implementation of a “Targeted Infrastructure Replacement Adjustment” (TIRA) mechanism relating to expenditures made pursuant to the Company’s Bare Steel Replacement Program (BSRP), other non-revenue producing infrastructure replacements, and expansions of the Company’s system, commencing January 1, 2013. The first TIRA rate is proposed to be implemented on May 1, 2014, and annually thereafter on May 1 of each subsequent year. Northern has proposed a “stay-out” provision, in which it would not file a general rate case prior to April 1, 2017 if the alternative rate plan were adopted, unless certain “exogenous factors” were to occur. Finally, the Company moves for confidential treatment for certain accounting model- and financial projection-related information.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2013/13-086.html>.

Northern proposes new permanent delivery rates that are designed to produce an increase of \$5,171,302 in annual revenues, based upon a test year ending December 31, 2012. According to the Company's filing, based upon its proposal a residential heating customer will experience an increase of approximately 10.7 percent in annual bills, while residential non-heating customers will see an increase of about 31.3 percent annually. Commercial and industrial customers would experience an increase of 4.3 to 8.5 percent.

In addition to its request for an increase in delivery rates, the Company proposes other changes aimed at modifying its cost recovery. Specifically, Northern has proposed the implementation of a cost-based distribution rate structure, in which a greater portion of the Company's fixed costs are recovered through a fixed customer charge.

Regarding the Company's temporary rate filing, Northern seeks an increase of \$2,518,576 in annual operating revenues. Such temporary rates would result in an increase in customers' total bills on average by approximately half of that estimated for the proposed permanent rate increase.

According to the Company, the increase in its rates is necessary because it is unable to earn the rate of return authorized by the Commission in its last rate case, Docket No. DG 11-069. *See Northern Utilities, Inc.*, Order No. 25,352 (April 24, 2012). In particular, the Company states that, for the test year ended December 31, 2012, its overall weather-normalized earned rate

of return was 5.8 percent, as opposed to the 9.5 percent overall return authorized by the Commission.

The filing raises, inter alia, issues related to whether the proposed temporary and permanent rates, and proposed TIRA/alternative rate plan mechanisms, are just, reasonable, and lawful as required by RSA 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 378:28. 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 for natural gas delivery service filed by Northern, be and they hereby are suspended, pursuant to RSA 378:6, I(a) pending investigation and further order of the Commission; and it is

FURTHER ORDERED, that a pre-hearing conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 5, 2013, at 1:00 p.m., at which each party will provide a preliminary statement of its position with regard to the petition for temporary rates and any of the noticed issues; and it is

FURTHER ORDERED, that, immediately following the pre-hearing conference, the Staff of the Commission and any intervenors hold a technical session to review the filing and allow Northern to provide any amendments or updates to its filing and establish a proposed

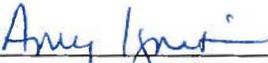
procedural schedule for this proceeding, including the scheduling of a hearing on temporary rates; and it is

FURTHER ORDERED, that pursuant to Puc 203.12, Northern shall notify all persons desiring to be heard at this pre-hearing conference by publishing a copy of this Order of Notice no later than May 16, 2013 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 June 4, 2013; and it is

FURTHER ORDERED, that pursuant to Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission an original and eight copies of a petition to intervene with copies sent to the Company and the Office of the Consumer Advocate on or before May 23, 2013, 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 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 such objection on or before May 30, 2013.

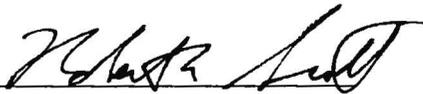
By order of the Public Utilities Commission of New Hampshire this sixth day of May,
2013.



Amy L. Ignatius
Chairman

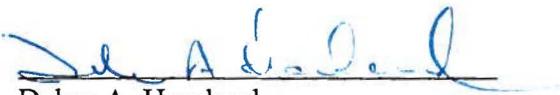


Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director