



# STATE OF NEW HAMPSHIRE

Inter-Department Communication

**DATE:** April 27, 2012

**AT (OFFICE):** NHPUC

**FROM:** Alexander F. Speidel  
Staff Attorney

A handwritten signature in dark ink, appearing to read "A.F. Speidel".

**SUBJECT:** DG 12-051  
Petition of New Hampshire Gas Corporation, Iberdrola USA Enterprises, Iberdrola USA Networks, Iberdrola USA, Inc., and Iberdrola Finance UK Limited to Approve an Internal Reorganization

**TO:** Commissioners  
Debra Howland, Executive Director

On February 23, 2012, New Hampshire Gas Corporation (NH Gas), Keene, New Hampshire, a propane-air gas utility serving customers in Keene, and its current or future corporate affiliates, Iberdrola USA Enterprises (Enterprises), Iberdrola USA Networks (Networks), Iberdrola USA, Inc. (Iberdrola USA), and Iberdrola Finance UK Limited (collectively, "Petitioners"), filed a petition for approval pursuant to RSA 369:8, II(a) and RSA 374:33 for an internal corporate reorganization that would involve transfer of the ownership of NH Gas within the Iberdrola, S.A. (Iberdrola Spain) parent company structure.

The proposed reorganization would result in the insertion of two intermediate holding companies in the chain of ownership of NH Gas. The first new intermediate holding company would be Networks, which would own all of the stock of Enterprises, which, in turn, owns all the stock of NH Gas. Networks will be a direct, wholly-owned subsidiary of Iberdrola USA, and will be responsible for directly holding all of Iberdrola Spain's regulated electric and gas utilities in the United States (including NH Gas and its service affiliates, New York State Gas & Electric Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E)). The second newly-formed intermediate holding company will be Iberdrola Finance UK Limited, a direct, wholly-owned subsidiary of Iberdrola Spain that will own all of the stock of Iberdrola USA. The Petitioners seek approval of these transactions under RSA 369:8, II(a) and RSA 374:33, as transfer of more than 10 percent of the share ownership of NH Gas, a New Hampshire public utility under RSA 362:2, is implicated by this proposal. The Petitioners have asserted that no adverse effect on the rates, terms, service or operation of NH Gas would result from the proposed reorganization, and that this reorganization, by enhancing administrative efficiencies in the Iberdrola Spain U.S. operations through centralization in Networks, is proper and in the public interest.

Staff engaged in two rounds of discovery served on the Petitioners, and viewed the petition to be complete pursuant to RSA 369:8 as of April 11, 2012, on the basis of

satisfactory answers provided by the Petitioners to the second round of discovery. (Staff informed the Petitioners' counsel and the remainder of the service list on this docket of this on April 20, 2012, via e-mail). Through discovery, Staff received the Petitioners' confirmation that: (1) Networks will have the same decision-making role currently occupied by Iberdrola USA in the operation of Iberdrola Spain's U.S. regulated utilities, including NH Gas; (2) none of the annual operating expenses incurred by Networks will be charged to NH Gas; (3) the insertion of the Networks and Iberdrola Finance UK Limited entities are the only corporate changes contemplated as part of the petitioned-for reorganization; (4) Iberdrola Finance UK Limited will not have a decision-making role in the management of Iberdrola Spain's U.S. regulated utilities, including NH Gas; and (5) there would be no changes to annual affiliate expense charged to NH Gas as a result of the proposed reorganization.

On the basis of these representations by the Petitioner, and Staff's review of the filing, Staff recommends that the Commission approve the proposed reorganization under RSA 369:8, II(a) and RSA 374:33 by Order *Nisi* as having no adverse effect on NH Gas, and as being lawful, proper, and in the public interest.

Cc: Service List