

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 12-131

NORTHERN UTILITIES, INC.

Investigation into Maine-New Hampshire Interstate Cost Allocation Matters

ORDER OF NOTICE

The Commission has opened this docket to investigate the impact on New Hampshire ratepayers, if any, as a result of recently disclosed interstate gas cost allocation errors by Northern Utilities, Inc. (Northern), a gas utility serving customers in Maine and southeastern New Hampshire. In the context of Northern's summer 2012 Cost of Gas (COG) petition, examined in Docket No. DG 12-068, Northern revealed that it had corrected certain errors made in the interstate allocation of costs between its Maine and New Hampshire divisions. *See Northern Utilities, Inc.*, Order No. 25,354 (April 30, 2012) at 4. Northern's errors resulted in incorrect commodity costs being allocated to each division for an unknown period of time prior to November 2011. *Id.* at 4-5. Also, an incorrect percentage representing unaccounted-for gas volumes for both divisions had been applied by Northern in its past allocator calculations. *Id.* To correct these errors for its summer 2012 COG filing, the Company made adjustments to its interstate allocation percentages by reassigning "Company managed volumes" commodity costs and integrating an updated unaccounted-for gas volumes percentage. *Id.* at 5. Because of the potentially large sums of New Hampshire customer monies involved in these errors made by Northern, Staff, in the COG proceeding, recommended that the Commission open a separate investigative docket through which Staff could develop recommendations for further reconciliations and revisions, as appropriate. Order No. 25,354 at 6. In Order No. 25,354

entered in Docket No. DG 12-068, the Commission accepted Staff's recommendation for a new investigative docket. *Id.* at 8.

In light of Commission Order No. 25,354, the Commission opens this docket to investigate Northern's allocation methodology used to allocate gas costs between its Maine and New Hampshire divisions. The investigation shall include, *inter alia*, inquiry into Northern's errors; whether Northern's New Hampshire customers were overbilled as a result of the cost allocation errors; the amount of any overbilling; and whether over-billing is continuing. The Commission will further inquire into what remedies, including but not limited to reparations and restitution, are appropriate and whether penalties and/or fines should be imposed. If it is determined that overbilling of Northern's New Hampshire division customers is continuing, the Commission will inquire into how the interstate cost allocations should be corrected, and what accounting and reporting requirements should be instituted to ensure that future billing is both fair and accurate. Each party has the right to have an attorney represent the party at the party's own expense.

The petition and subsequent docket filings, other than 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/2012/12-131.html>.

Based upon the foregoing, it is hereby

ORDERED, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on May 30, 2012, at 1:30 p.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15 shall be considered; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, Northern, the Staff of the Commission and any Intervenors hold a Technical Session to, *inter alia*, discuss and propose a procedural schedule to govern the remainder of the docket; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Northern shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than May 21, 2012, 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 May 30, 2012; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Northern and the Office of the Consumer Advocate on or before May 25, 2012, 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 N.H. Code Admin. Rule 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 said Objection on or before May 30, 2012; and it is

FURTHER ORDERED, that pending further order of the Commission, Northern shall retain all its records wherever kept and in whatever form created or maintained that are pertinent to the scope of the investigation.

By order of the Public Utilities Commission of New Hampshire this sixteenth day of
May, 2012.



Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:
- DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.