



February 15, 2013

BY OVERNIGHT DELIVERY AND E-MAIL

Lynn Fabrizio
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

**Re: IR 13-038 Stakeholder Review of New Hampshire's
Utility Assessment System**

Dear Attorney Fabrizio:

On behalf of Unitil Energy Systems, Inc., Northern Utilities, Inc., and Granite State Gas Transmission, Inc. (the "Companies"), enclosed are the Companies' responses to the Staff's first set of information requests in the referenced docket.

Sincerely,

/s/ Gary Epler

Gary Epler

Enclosures

cc: Service List (electronically)

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Docket No. IR 13-038
STAKEHOLDER REVIEW OF NEW HAMPSHIRE'S
UTILITY ASSESSMENT SYSTEM
Staff Information Requests – Set 1

Request 1-1:

The current allocation method is based on a utility's revenues as a percent of the total revenues of all New Hampshire utilities.

- (a) Do you believe that the allocation method currently specified in statute is fair and reasonable?
- (b) Why or why not?
- (c) If not, what different method(s) of allocation would you propose and why is that method(s) more fair and reasonable?
- (d) What statutory and/or rule changes would be required to utilize the method you propose?

Response:

Objection: Unitil Energy Systems, Inc., Northern Utilities, Inc., and Granite State Gas Transmission, Inc. (collectively "the Companies") object to this question as it calls for a legal conclusion or opinion. Without waiving their objections, the Companies take no position at this time as to the fairness or reasonableness of the current assessment allocation method.

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Request 1-2:

Do you believe that the allocation method currently specified in statute is legal and constitutional?

- (a) Why or why not?
- (b) If not, what different method(s) of allocation would you propose?
- (c) What statutory and/or rule changes would be required to utilize the method(s) you propose?

Response:

Objection: Unitil Energy Systems, Inc., Northern Utilities, Inc., and Granite State Gas Transmission, Inc. (collectively "the Companies") object to this question as it calls for a legal conclusion or opinion. Without waiving their objections, the Companies reserve their rights with respect to the legality and constitutionality of the assessment allocation method currently specified in statute.

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Request 1-3:

Do you believe that entities that are not public utilities under RSA 362:2 should be required to fund the Commission's expenses in some way? If so:

- (a) What non-public utilities should be required to fund the expenses and why?
- (b) What amount of the expenses should non-utilities be required to fund?
- (c) By what mechanism(s) should the monies be collected?
- (d) What is the legal basis for imposing the obligation?
- (e) What statutory and/or rule changes would be required to implement your proposals?

Response:

Objection: Unitil Energy Systems, Inc., Northern Utilities, Inc., and Granite State Gas Transmission, Inc. (collectively "the Companies") object to this question as it calls for a legal conclusion or opinion. Without waiving their objections, the Companies take no position at this time as to whether entities that are not public utilities under RSA 362:2 should be required to fund Commission expenses in some way.

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Request 1-4:

The Commission has historically implemented the calculation of “gross utility revenue” under RSA 363-A:2 to include all of a utility’s revenues associated with operations within the State of New Hampshire, whether or not the revenues are derived from an activity that is directly regulated by the Commission. For example, Public Service Company of New Hampshire reports revenue from transmission facilities located in New Hampshire that transmit electricity generated in and/or consumed in New Hampshire, even though the rates, terms of service and safety of transmission facilities are regulated by the Federal Energy Regulatory Commission. Telephone utilities must include revenue from interstate telephone calls that originate, or are placed to a location, in New Hampshire and travel over wires in New Hampshire, even though interstate telephone calls are regulated by the Federal Communications Commission.

Please provide:

- (a) Your company’s total revenues associated with operations within New Hampshire for your fiscal years 2010, 2011, and, as soon as available, 2012. Please also state where this information may be found in publicly available sources other than reports filed with the Commission (e.g., SEC filings, FERC filings, FCC filings, publicly available annual reports, etc.).
- (b) Your company’s total revenues associated with interstate operations within New Hampshire for your fiscal years 2010, 2011 and 2012, as soon as available. Please also state where this information may be found in publicly available sources (e.g., SEC filings, FERC filings, FCC filings, annual reports, etc.).
- (c) Your company’s total revenues associated with operations regulated by the Commission for fiscal years 2010, 2011 and 2012.
- (d) Your company’s total revenues for fiscal years 2010, 2011 and 2012 associated with operations within the State of New Hampshire that are regulated wholly by a federal agency and upon which the Commission is preempted from taking any regulatory action, including without limitation, an investigation or participation in regional or federal proceedings.
- (e) If your answer to subsection (d) is anything greater than \$0, please describe the operations upon which you base your answer, and briefly summarize your legal analysis.
- (f) Your company’s total revenues for fiscal years 2010, 2011 and 2012 collected on behalf of and paid to, another entity. Please describe the related service(s) and amount of revenue related to each service. Are those revenues reflected in gross revenues as reported to the Commission?

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Response:

- (a) The following table lists the Company's total revenues associated with operations within New Hampshire for fiscal years 2010, 2011 and 2012. Although 2012 numbers have been provided they should be considered preliminary, but are not expected to change.

This information may be found for Unitil Energy Systems, Inc. (UES) in FERC Form 1 filings, for Northern Utilities, Inc.'s New Hampshire division (NU-NH) in the Annual Report filed with the Commission, and for Granite State Gas Transmission, Inc. (GSG) in the FERC Form 2A filings.

Company	2012	2011	2010
NU-NH	\$ 53,819,548	\$ 63,523,155	\$ 60,060,896
UES	\$ 128,134,436	\$ 128,467,476	\$ 140,449,238
GSG	\$ 5,142,851	\$ 4,559,534	\$ 3,971,387

- (b) Neither UES nor NU-NH has revenue associated with interstate operations within New Hampshire. Please see the table listed in (a) for GSG revenue associated with interstate operations within New Hampshire.
- (c) Please see the table listed in (a) for UES and NU-NH total revenues associated with operations regulated by the Commission. GSG is regulated by the FERC.
- (d) Neither UES nor NU-NH has revenue associated with operations upon which the Commission is preempted from taking any regulatory action, including without limitation, an investigation or participation in regional or federal proceedings. Pursuant to Section 7.3 of the Settlement Agreement in docket DG 08-048, the Settling Parties, including Unitil Corporation, agreed that starting with the fiscal year beginning on July 1, 2009, GSG would be subject to the Commission's annual assessment as provide in RSA 363-A.
- (e) Not applicable
- (f) UES and NU-NH have Commission approved rate mechanisms designed to collect revenue from customers that is paid to another entity including Default Service costs, Cost of Gas etc. In addition, UES can purchase electricity that is sold to another entity. NU-NH will purchase gas that is managed for a supplier. The supplier is then billed the costs. In all cases the revenue is reflected in gross revenue reported to the Commission. Monies that UES and NU-NH bill and collect from customers on behalf of third-party energy suppliers are not included in gross revenue.

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Request 1-5:

As to any interstate operations of your company within New Hampshire, please state whether such operations rely to any extent on facilities or service providers whose rates, terms of service and/or safety are regulated by the Commission, and if so, identify any and all such facilities and how they relate to such operations.

Response:

Granite State Gas Transmission, Inc. ("Granite"), an interstate gas transmission pipeline company regulated by the FERC, provides tariffed firm and interruptible gas transmission services to Northern Utilities, Inc., among others.

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Request 1-6:

Please provide any further thoughts that you think may be useful in consideration of the issues raised in Docket no. DM12-276 and Commission Order No. 25,451.

Response:

Unitil Energy Systems, Inc., Northern Utilities, Inc., and Granite State Gas Transmission, Inc. do not have anything to add at this time.