

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

DG 17-070

NORTHERN UTILITIES, INC.

**PETITION OF NORTHERN UTILITIES, INC.
FOR RATE ADJUSTMENTS**

NOW COMES Northern Utilities, Inc. (“Northern” or “the Company”) and, pursuant to NH RSAs 378:7, 378:27, 378:28 and 378:29, respectfully petitions (the “Petition”) the New Hampshire Public Utilities Commission (“the Commission”) for authority to: (1) implement new permanent rates beginning July 5, 2017 for natural gas delivery service at the levels set forth in Northern’s proposed tariff filed with this Petition; (2) replace Northern’s current tariff, NHPUC No.11-Gas, with a proposed original NHPUC No.12-Gas tariff; (3) implement a multi-year rate plan, which includes implementation of a capital cost recovery mechanism; (4) make a number of rate design changes to allow continued movement towards cost-based distribution rates and other fees; and (5) if the Commission suspends the requested effective date of Northern’s permanent rates, implement temporary rates beginning August 1, 2017, for natural gas delivery service at rate levels set forth in Supplement No. 1 to Northern’s Tariff NHPUC No. 11-Gas.

In support of this Petition, Northern states as follows:

A. **RATE INCREASE AND REVISED TARIFF**

1. On April 25, 2017, pursuant to NH RSA 378:3 and New Hampshire Code of Administrative Rules Puc 1604.05, Northern filed with the Commission a Notice of Intent to File Rate Schedules.

2. With this Petition, Northern is filing an original tariff, NH PUC No. 12-Gas (“the permanent rates tariff”) to replace its existing tariff due to the number of page revisions being greater than 50 percent, as required by N. H. Code of Admin. Rules Puc 1603.05(a)(2). The permanent rates tariff has a proposed effective date of July 5, 2017 and is intended to produce a permanent increase in annual revenues of \$4,728,445, based upon a test year ending December 31, 2016, an overall rate of return on rate base of 8.30 percent, and known and measurable adjustments to test year revenues, expenses and rate base. This rate relief will result in a 7.3 percent increase in the Company’s test year operating revenues. The Company’s test-year weather-normalized earnings are below its current allowed rate of return on equity of 9.5 percent.

3. Pursuant to NH RSA 378:8 and N.H. Code of Admin. Rules Puc 1600 *et seq.*, Northern is filing, with this Petition, direct testimony and schedules in support of the permanent rates tariff and supplemental information required by the Commission, all of which is incorporated herein by reference.

B. RATE PLAN

4. Northern requests permission to implement a multi-year rate plan (the “Rate Plan”), which will allow for future changes to Northern’s distribution rates without the need to file a general rate case prior to January 2021. The Rate Plan would provide annual revenue step increases on July 1 of the years 2018 through 2020, to allow recover of the revenue requirement associated with the Company’s future capital spending on Eligible Facilities, which is directed toward non-revenue producing replacements and safety and reliability

improvements to Northern's existing distribution infrastructure. Support for the Rate Plan is provided in the direct testimony of David L. Chong and Kevin E. Sprague.

C. COST-BASED DISTRIBUTION RATES

5. Northern requests authority to make a number of improvements to its rate design, consistent with those made in its 2013 Base Rate Case, to recover a greater portion of predominately fixed costs associated with the provision of distribution service through the fixed customer charge component of rates. Support for the proposed rate design is provided in the direct testimony of Debbie L. Gajewski and Paul M. Normand.

D. TEMPORARY RATES

6. Pursuant to NH RSA 378:6, the Commission may suspend the effective date of Northern's permanent rates tariff pending an investigation by the Commission under NH RSA 378:5 into the reasonableness of the permanent rates tariff. If the Commission suspends Northern's permanent rates tariff, Northern requests that temporary rates be established in accordance with NH RSA 378:27, which provides that the Commission may, after reasonable notice and hearing, if the public interest so requires, prescribe reasonable temporary rates for the duration of a rate proceeding, sufficient to yield not less than a reasonable return on the cost of the utility's property used and useful in service to the public, less accrued depreciation.

7. Northern requests that if such temporary rates are set, they be established to enable recovery of revenue of \$1,996,875 on an annualized basis, at the levels set forth in the enclosed proposed Supplement No. 1 to tariff NHPUC No. 11-Gas, commencing with service rendered on August 1, 2017, and until the date a final, non-appealable order establishing

permanent rates is issued. The calculation of the proposed temporary rate amount is provided in Schedule DLC-4, attached to the direct testimony of David L. Chong. Northern proposes to recover this increase on a uniform \$0.0285 per therm applied to all Rate Schedules.

8. Northern is seeking a temporary rate increase in lieu of establishing temporary rates at present levels in order to expeditiously address its current under-earnings. In addition, because the Company's under-earning situation is expected to be exacerbated by increased expenditures over the next several months, Northern is in need of the level of temporary rate relief indicated above. Furthermore, granting a temporary rate increase will provide for a smoother transition from current to permanent rates to be collected from customers at the conclusion of the permanent rate case.

WHEREFORE, Northern respectfully requests that the Commission:

- A. Expeditiously issue an order of notice scheduling a hearing upon the within Petition;
- B. Following an investigation pursuant to NH RSA 378:5 concerning the reasonableness of the proposed rates and revised tariffs filed with this Petition, enter an order authorizing Northern to implement the proposed rates and tariffs as permanent, effective for service rendered on and after July 5, 2017;
- C. If the Commission suspends Northern's proposed permanent rates tariff, establish temporary rates in accordance with NH RSA 378:27, and, following a hearing, enter an order authorizing temporary rates at the levels set forth in Supplement No. 1 to Northern's

tariff NHPUC No. 11-Gas for service rendered on and after August 1, 2017, until the date a final, non-appealable order establishing permanent rates is issued;

D. In the event that the Commission finally determines permanent rates in amounts exceeding temporary rates, enter an order pursuant to NH RSA 378:29 authorizing Northern to collect the difference from customers;

E. Enter an order authorizing Northern to implement the Rate Plan as proposed herein;

F. Enter an order authorizing Northern to make the rate design changes proposed herein; and

G. Grant such further relief as may be just and appropriate.

Respectfully submitted

NORTHERN UTILITIES, INC.

By its Attorney:



Gary Epler
Chief Regulatory Counsel
Unitil Service Corp.
6 Liberty Lane West
Hampton, NH 03842-1720
603-773-6440
Epler@unitil.com

Dated: June 5, 2017

Certificate of Service

I hereby certify that on June 5, 2017, a copy of the foregoing Petition was hand delivered to the Office of Consumer Advocate.

A handwritten signature in black ink, appearing to read "Gary Epler". The signature is written in a cursive style with a large initial "G" and "E".

Gary Epler