

Readopt with amendment Puc 500, effective 5-10-13 (Document #10334), to read as follows:

CHAPTER Puc 500 RULES FOR GAS SERVICE

PART Puc 501 APPLICATION OF RULES

Puc 501.01 Purpose. The purpose of these rules is to implement the Commission's responsibility pursuant to the Natural Gas Act, 15 USC § 717 (c), the Natural Gas Pipeline Safety Act, 49 USC § 60105, and New Hampshire law regulating gas utilities and gas utility service.

Puc 501.02 Application of Rules.

(a) Puc 503 through Puc 509 shall apply to all utilities, with the exception of LPG operators and landfill gas operators, engaged in the business of manufacturing, distributing, selling, transmitting or transporting gas in the state of New Hampshire.

(b) Puc 510 shall apply only to liquified petroleum gas (LPG) operators and landfill gas operators as defined in Puc 502.07 and Puc 502.09.

PART Puc 502 DEFINITIONS

Puc 502.01 "Commission" means the New Hampshire public utilities commission.

Puc 502.02 "Department" means the New Hampshire department of energy.

Puc 502.03 "Gas" means any manufactured or natural gas or any combination thereof.

Puc 502.04 "Jurisdictional LPG system" means:

- (1) A system involving a single source which serves 10 or more customers; or
- (2) A system where more than one customer is located in a public place.

Puc 502.05 "Landfill" means a facility which collects and disposes of waste by landfilling methods. The term includes facilities that collect and store waste indefinitely. The term does not include incinerators, land application sites, surface impoundments and injection wells.

Puc 502.06 "Landfill gas" means any flammable consisting primarily of methane and carbon dioxide and produced by aerobic and anaerobic decomposition of organic solid waste in a landfill.

Puc 502.07 "Landfill gas operator" means a person who engages in the transportation of landfill gas off site from the premises in which it was gathered except where the landfill gas is transferred in a pipeline that operates at less than atmospheric pressure from the premises where it was gathered to the premises where it is used and where both premises are controlled by the same entity.

Puc 502.08 "LPG operator" means a person who engages in the transportation of propane gas. An LPG operator includes but is not limited to an individual or supplier operating a jurisdictional LPG system in a housing project, apartment complex, condominium, manufactured home park, shopping center or other system except those systems operated in support of a utility.

Puc 502.09 "Master meter system" means any underground gas pipeline system operated by a residential or commercial customer of a New Hampshire gas utility and utilized for the distribution of gas to ultimate consumers within, but not limited to, a definable area, such as a manufactured housing park, a housing project or an apartment complex, where the operator purchases metered gas from a public utility for resale through the operator's distribution system, which is beyond the control of the utility, and where the ultimate consumers

served by the operator's distribution system purchase the gas directly through a meter or by other means, such as through rents.

Puc 502.10 "Meter" means a device which measures gas flow and which may include a gas diaphragm type, a rotary positive displacement type, an inferential turbine type or an ultrasonic type.

Puc 502.11 "Person" means an individual, firm, joint venture, partnership, corporation, association, state, cooperative association, or joint stock association, and includes any trustee, receiver, assignee, or personal representative thereof but shall not include a municipality operating a gas system pursuant to RSA 38.

Puc 502.12 "Public place" means a place which is generally open to all persons in a community, such as churches, schools, and commercial buildings, as well as any publicly owned rights-of-way or property.

Puc 502.13 "Utility" means any "public utility" as defined in RSA 362:2 engaged in the manufacture, distribution, sale, transmission or transportation of gas in the state, as limited in RSA 362:4-b with respect to liquefied petroleum gas.

PART Puc 503 SERVICE PROVISIONS

Puc 503.01 Filing of Tariffs. No utility shall render service until a complete tariff, containing terms and conditions and rate schedules, shall have been published and filed with the commission in accordance with Puc 1600.

PART Puc 504 QUALITY OF GAS SERVICE

Puc 504.01 Heating Value Requirements.

(a) The standard heating value for the gas a utility furnishes the public established pursuant to En 504.01(a) shall be stated in its tariff.

(b) Each utility shall provide a definition in its tariff of the methodology used to determine the thermal heating value.

PART Puc 505 METER INSTALLATION

Puc 505.01 Meter Installations.

(a) No gas utility in this state shall provide gas service to any master meter system constructed after July 1, 2013, without written approval from the commission. The commission shall approve such service only if the associated rates and charges for such service are found to be just and reasonable pursuant to RSA 378.

PART Puc 506 RECORDS AND ACCOUNTING REQUIREMENTS

Puc 506.01 Records in General. All records shall be organized, arranged or prepared to ensure that sufficient data is available to determine the status of compliance with these rules.

Puc 506.02 Preservation of Records.

(a) Each utility shall preserve all records pursuant to the requirements set forth in the "Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act," as referred to in Puc 506.04 and prescribed by the commission pursuant to RSA 374:8, except as provided in (b) and (c) below.

(b) Where the "Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act" does not specify a requirement for preservation of a record required to be

kept pursuant to Puc 500, the utility shall preserve such records for a period of not less than 2 years, except as provided in (c).

(c) If any section of this chapter requires a utility to preserve any such record for more than 2 years, utilities shall comply with the longer-term requirement.

(d) A utility shall:

(1) Keep or make available within New Hampshire at the office or offices of the utility any records required under this rule; and

(2) Provide access to such records to the commission or its representative during normal business hours for examination.

Puc 506.03 Reports to Commission.

(a) The utility shall furnish to the commission the results of any required tests and summaries of any required records pursuant to RSA 374:15.

(b) The utility shall also furnish the commission with any information concerning the utility's facilities or operations relating to determining rates or judging the practices of the utility pursuant to RSA 378:1.

(c) Each utility shall file periodic reports as provided in Puc 507.

Puc 506.04 Uniform System of Accounts. Pursuant to RSA 374:8, the commission prescribes that each utility shall maintain its accounts in conformity with the “Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act” promulgated by the United States Federal Energy Regulatory Commission at 18 C.F.R. Part 201.

Puc 506.05 Short Term Debt. No utility shall issue or renew any notes, bonds or other evidences of indebtedness payable less than 12 months after the date thereof without approval by the commission for a waiver pursuant to Puc 201.05 if such short term debt exceeds 10 percent of the utility's net fixed plant.

PART Puc 507 FORMS REQUIRED TO BE FILED

Puc 507.01 F-3 Statement of Pro Forma Income Statement at Present and Proposed Rates for Year Ended.

(a) Each utility which requests a rate increase shall file Form F-3, available at www.puc.nh.gov, with the commission and the department.

(b) The utility shall include on the form the name of the utility filing the report.

(c) Utilities shall include on Form F-3 a breakdown of operating revenues and expenses for:

(1) Actual year ended and preceding two years;

(2) Adjustments and pro forma at present rates;

(3) Adjustments and pro forma at proposed rates with additional requirements; and

(4) Total requirements.

(d) Utilities shall include on Form F-3 a calculation of rate base and calculation of rate of return.

(e) Each utility requesting a rate increase shall also comply with the requirements of Puc 1600, tariffs and special contracts.

(f) The signature, full name and title of the utility employee who supervised the preparation of the report, and date of signature.

Puc 507.02 F-4 Petition For Authority To Issue Securities.

(a) Each utility shall file with the commission and the department a completed Form F-4, available at www.puc.nh.gov, when it seeks authority to issue securities;

(b) Each utility shall include with its completed Form F-4 an application for leave to issue securities pursuant to RSA 369:3 that includes the following:

(1) A statement in reasonable detail of any proposed additions, construction or working capital requirements together with any proposed construction budget, including:

- a. Description of authorized and outstanding long term debt and capital stock;
- b. Description of new securities;
- c. Description of what proceeds will be used for;
- d. List of exhibits attached;
- e. Certification statement as contained in (d) below; and
- f. Petitioner's prayer asking for the relief requested;

(2) Estimated cost of financing including, for example, legal costs, printing, documentary tax, trustee services, financial services;

(3) Current balance sheet adjusted for financing with journal entries and explanations for actual, adjustments and as adjusted;

(4) Current income statement adjusted for financing including new interest, depreciation and taxes with entries for actual, adjustments and as adjusted;

(5) Statement of capitalization ratios after giving effect to the proposed financing with entries for actual, adjustments and as adjusted;

(6) Copy of the purchase and sale agreement for long term financing including any letter of commitment from a lender stating details of financing;

(7) Copy of the mortgage indenture;

(8) Copy of terms of new common or preferred stock; and

(9) Resolution of petitioner's stockholders, board of directors or other governing body of petitioner, as appropriate, authorizing the proposed financing.

(c) Each utility shall file a Form F-4 petition with an original and 5 copies of the form, petition and exhibits.

(d) Each utility shall provide in connection with a petition for authority to issue securities a certification which provides:

"The petitioner utility company believes and, therefore, alleges that the securities to be issued will be consistent with the public good and that it is entitled to issue said securities under RSA 369 for the purposes set forth in its petition."

Puc 507.03 E-22 Report of Proposed Expenditures for Additions, Extensions and Capital Improvements to Fixed Capital.

(a) Each utility shall file with the commission and the department an annual report of proposed expenditures for addition, extensions and capital improvements to fixed capital on or before May 15 of each year.

(b) The report shall include the name of the utility filing the report.

(c) With respect to any proposed main or service capital addition, extension or improvement, utilities shall report on Form E-22 the following:

- (1) A description of size, length and material of the main or service;
- (2) The location of the proposed capital addition, extension or improvement;
- (3) The total estimated cost of the proposed capital addition, extension or improvement by work category; and
- (4) The signature, full name and title of the utility employee who supervised the preparation of the report, and date of signature.

(d) Investigation of or comment on a construction budget or Form E-22 by the commission or failure to identify prudence review issues as described in paragraph (e) below, shall not constitute a final prudence review and the commission shall not be precluded from analyzing the merit of any expenditure in a future rate case.

(e) The commission shall notify a utility when it identifies prudence review issues, which it would raise as part of a rate case, in connection with notice of a proposed expenditure under this section.

Puc 507.04 E-25 Report of Proposed Changes in Depreciation Rates.

(a) Each utility shall file Form E-25 with the commission and the department when it proposes any change in depreciation rates.

(b) A utility shall include on Form E-25:

- (1) The name of the utility filing the report;
- (2) The date;
- (3) The account number and title;
- (4) The estimated whole life, reported as the number of years from initial installation to final retirement, both present and proposed;
- (5) The net salvage, both present and proposed, by percentage;
- (6) The depreciation rate, both present and proposed, by percentage;
- (7) The net annual change in dollars;

- (8) The theoretical reserve calculated as the difference between the calculated accumulated depreciation determined using the proposed depreciation rates and the accumulated depreciation;
- (9) The proposed amortization of the theoretical reserve;
- (10) The reasons for changes in depreciation rates and length of the proposed amortization of the theoretical reserve; and
- (11) The signature, full name and title of the utility employee who supervised the preparation of the report, and date of signature.

(c) A utility shall not implement any change in depreciation rates until the proposed change has been approved by the commission.

PART Puc 508 UTILITY ADVERTISING

Puc 508.01 Definitions.

(a) "Advertising" means the use by a utility of any media in order to transmit a message to the general public, or to such utility's consumers.

(b) "Controversial issue of public importance" means a case or controversy in which a utility is involved before a court, legislative body, or government agency, including the department or the commission.

(c) "Institutional activity" means any act or practice conducted for the purpose of promoting the corporate image or goodwill of a particular utility or the utility industry in general.

(d) "Institutional advertising" means any advertising conducted for the purpose of promoting the corporate image or goodwill of a particular utility or the utility industry in general.

(e) "Integrated resource plan (IRP)" means, in the case of a utility, planning by the use of any standard, regulation, practice or policy to undertake a systematic comparison between demand-side management measures and the supply of gas by a utility to minimize life-cycle costs of adequate and reliable utility services to gas customers.

(f) "Political activity" means any act or practice conducted for the purpose of influencing public opinion with respect to legislative, administrative, or electoral matters or with respect to any controversial issue of public importance.

(g) "Political advertising" means any advertising conducted for the purpose of influencing public opinion with respect to legislative, administrative, or electoral matters, or with respect to any controversial issue of public importance.

(h) "Promotional activity" means any act or practice conducted for the purpose of encouraging any person to select or use a service or increase usage of the service of a utility, to select, purchase, install or use any appliance or equipment designed to use such utility's service, or to use any other particular service of the utility.

(i) "Promotional advertising" means any advertising conducted for the purpose of encouraging any person to select or use a service or increase usage of the service of a utility, to select, purchase, install, or use any appliance or equipment designed to use such utility's service or to use any other particular service of the utility.

Puc 508.02 Recovery of Certain Expenses Prohibited. No utility shall recover, in any manner, from any person other than the shareholders or other owners of such utility any direct or indirect expenditure by such

utility for promotional, political or institutional advertising, or promotional, political or institutional activities except as provided in Puc 508.03.

Puc 508.03 Exempted Expenditures.

(a) For the purpose of Puc 508 the terms political advertising, promotional advertising, institutional advertising, political activity, promotional activity, and institutional activity shall not include advertising or activities which:

- (1) Inform gas consumers of or provide gas consumers with information or materials intended to result in activities that cost less to implement than the value of the resources;
- (2) Are required by law or regulation, including advertising required under part 1 of title II of the National Energy Conservation Policy Act;
- (3) Inform natural gas customers how they can improve efficiency in utilizing the utility's service;
- (4) Involve or relate to service interruptions, safety measures or emergency conditions;
- (5) Concern employment opportunities with such utility;
- (6) Provide any explanation of existing or proposed rate schedules or notifications of hearings thereon;
- (7) Are consistent with the utility's approved integrated resource plan; and
- (8) Inform customers of the availability and sources of financial assistance.

(b) Expenditures referred to in (a)(1) above shall be subject to review and potential recovery as part of the utility's conservation and load management program.

(c) Expenses contained in a utility's IRP shall take into account necessary features for system operation such as diversity, reliability, ability to be readily dispatched, and other factors of risk and shall treat demand and supply to gas consumers on a consistent and integrated basis.

(d) No more than 50% of costs provided for in a utility's IRP shall be borne by ratepayers.

Puc 508.04 Continuing Jurisdiction. Puc 508 shall not restrict or limit the commission's power to disallow any expense as a charge to ratepayers which the commission finds to be unjust, unreasonable, excessive, unwarranted or imprudent pursuant to RSA 378.

Puc 508.05 Reports Required.

(a) Each utility shall file an annual report with the commission and the department regarding the advertising or activities described in Puc 508.02.

(b) This report shall itemize the expenses incurred by type of advertising and activity and shall specifically delineate those expenditures for which cost recovery is sought.

(c) The report shall be included with the utility's annual report to the department filed in accordance with En 509.02.

(d) Each utility shall keep copies of all its advertising on file for inspection by the commission or the department.

Puc 508.06 Accounting.

(a) If a utility combines an expense prohibited from recovery with an expense eligible for recovery, and ancillary costs are associated with the combined expense, the utility shall allocate a portion of the ancillary cost to the expense prohibited from recovery and shall be prohibited from recovering costs ancillary to the prohibited expense.

(b) Each utility shall keep a record with respect to any advertising or activity, incurred directly or indirectly, prohibited from recovery pursuant to Puc 508.02, of:

- (1) Any expenditure incurred; and
- (2) Any allocation methodology.

PART Puc 509 ENFORCEMENT PROCEDURES FOR GAS PIPELINE UTILITIES

Puc 509.01 Commission Action.

(a) A hearing request pursuant to En 510.09(b) shall be filed with the commission by petition in accordance with Puc 200 no later than 10 days following receipt of the department's notice of violation, and shall be treated as a request for an adjudicatory proceeding.

(b) Upon receiving a petition for hearing pursuant to En 510.09(b), the commission shall provide the petitioner with notice and an opportunity for a hearing, held pursuant to Puc 200.

PART Puc 510 ENFORCEMENT PROCEDURES FOR LP AND LANDFILL GAS OPERATORS

Puc 510.01 Commission Action.

(a) A hearing request pursuant to En 512.09(b) shall be filed with the commission by petition in accordance with Puc 200 no later than 10 days following the receipt of the department's notice of violation, and shall be treated as a request for an adjudicatory proceeding.

(b) Upon receiving a petition for hearing pursuant to En 512.09(b), the commission shall provide the petitioner with notice and an opportunity for a hearing, held pursuant to Puc 200.

Appendix A

Rule	Specific State or Federal Statute the Rule Implements
Puc 501	RSA 362:4-b; 365:8, I, (e), (l); 40 U.S.C. 60101 et seq.
Puc 502	RSA 365:8, I, (e), (l)
Puc 503	RSA 365:8, I, (e), (l); 378:1
Puc 504	RSA 365:8, I, (e), (l); 374; 49 C.F.R. Parts 191 and 192
Puc 505	RSA 365:8, I, (e), (l)
Puc 506.01 - 506.05	RSA 365:8, I, (e), (l); 374:8, 13; 374:15; 369.7; 18 C.F.R. Part 201
Puc 507.01 - 507.04	RSA 365:8, I, (e), (l); 369:3; 374:5; 15 U.S.C. § 717 et seq.
Puc 508.01 - 508.06	RSA 365:8, I, (e), (l); 378
Puc 509.01	RSA 365:8, I, (e), (l); 374:7-a
Puc 510.01	365:8, I, (e), (l); 374:7-a