



STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: April 4, 2013

AT (OFFICE): NHPUC

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

SUBJECT: DG 13-071
Updated Petition of New Hampshire Gas Corporation, Iberdrola USA Enterprises, Inc., Iberdrola USA Networks, and Iberdrola USA, Inc.,
To Approve an Internal Reorganization (in re: DG 12-051)

TO: Commissioners
Debra Howland, Executive Director
F. Anne Ross, General Counsel

On March 6, 2013, 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, Inc. (Enterprises), Iberdrola USA Networks (Networks), and Iberdrola USA, Inc. (Iberdrola USA), (collectively, "Petitioners"), filed an updated 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 Petitioners originally applied for approval for a similar reorganization also involving Iberdrola Finance UK Limited (Iberdrola Finance UK) as an intermediate holding company entity affiliated with Petitioners, above NH Gas, and below Iberdrola Spain in the proposed ownership structure, in February 2012, in Docket No. DG 12-051. Staff filed a recommendation for approval of this proposal on April 27, 2012, and the Commission approved the proposal by means of an Order *Nisi* No. 25,366, on May 15, 2012.

Petitioners certify that all aspects of the original proposal, including representations made therein, as considered in Docket No. DG 12-051 remain the same, with the exception being that Iberdrola Finance UK, at Petitioners' election, will no longer be inserted into the Iberdrola Spain ownership chain that would include NH Gas. Petitioners have also reconfirmed 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 Networks into the ownership structure is the only corporate change contemplated as part of the petitioned-for reorganization; and (4) there would be no changes to annual affiliate expense charged to NH Gas as a result of the proposed reorganization. Petitioners have not yet closed the proposed internal reorganization, and are also awaiting regulatory approval from New York State regulators.

On the basis of these representations by the Petitioners, and Staff's review of the updated proposal, 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