

THE STATE OF NEW HAMPSHIRE

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February 23, 2017

Re: DG 16-827 Non-Governmental Customers of Concord Steam Fund Petition
Status Conference and Technical Session

To the Parties:

On February 10, 2017, the Commission held a hearing on the Joint Petition at which it heard testimony from various non-governmental customers and Commission Staff on the merits of a modified proposal that resulted from a Settlement between the joint petitioners and the Consumer Advocate. The Consumer Advocate and Liberty Utilities were represented at the hearing as well. Although the Commission is concerned about hardships imposed on Concord Steam customers as a result of the termination of steam service, the Commission has determined it cannot approve the Settlement presented at hearing. The proposed creation of a regulatory asset cannot occur because customer heating infrastructure is not used and useful in Liberty's provision of utility service.

Given the short time available for conversion, rather than issuing an order at this time denying the petition, the Commission invites the parties to consider alternative arrangements that might assist steam customers in converting to natural gas. Alternative arrangements may include, if generally applicable and appropriately structured: energy conservation programs, on-bill financing, or equipment leases. The Commission will make Hearing Room A available to the parties for the purpose of exploring alternatives during a technical session to begin at 9:00 a.m. on March 2, 2017. Following the technical session, the Commission will hold a Status Conference on March 2 at 2:00 p.m. to hear any alternative proposals the parties may have.

In order to guide the parties' discussion of alternative proposals the Commission has several guiding principles in mind.

1. Customers eligible for a new energy conservation program or on-bill financing, must meet a needs test which shows that the cost of new energy-efficient heating infrastructure cannot be paid off in a ten year period using the savings in energy costs.
2. Savings in energy costs shall be calculated using the customer's 2015 aggregate usage across all properties and meters at current energy rates, compared with 2015 aggregate usage at current natural gas rates.

3. Any energy conservation or loan funds received must be used to pay for conversion to high efficiency gas heating infrastructure and may not include costs that can be recovered in ten years using the means test above.
4. Funds, not to exceed in total \$1,000,000, provided by Liberty to qualifying customers must be expensed and recovered from all Liberty natural gas customers in a reasonable period of time.
5. Equipment leasing activity may be on-bill but must be "below the line" with no recovery from existing ratepayers.

To assist customers in calculating savings in energy costs, the Commission directs Staff to provide all parties with a worksheet and instructions.

Notwithstanding these guidelines, the Commission invites Liberty and its future natural gas customers to consider special contracts for gas service and supply as a vehicle for assisting new customers with conversion costs. The Commission also encourages Liberty to consider other programs of general applicability that might assist Concord Steam's customers.

Sincerely,

A handwritten signature in black ink that reads "Debra A. Howland". The signature is written in a cursive style with a small mark above the 'D'.

Debra A. Howland
Executive Director

Cc: Service List (Electronically)
Docket File

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:**
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- 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.**