

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 5934

Petition of Northern New England Gas )  
Corporation as an agent for Hydro-Quebec for )  
such approval as may be required of Hydro- )  
Quebec's acquisition of a controlling interest in )  
entities that own Northern New England Gas )  
Corporation )

Order entered: 9/1/99

**PROCEDURAL ORDER RE: SCHEDULE**

Northern New England Gas Corporation ("NNEG"), as agent for Hydro-Quebec ("HQ"), filed a petition on January 31, 1997, seeking "such approval as may be required for HQ's acquisition of a controlling interest in the entities that own NNEG."<sup>1</sup> The Public Service Board ("Board") opened this docket to consider NNEG's petition.<sup>2</sup>

After several procedural issues, including the scope of the proceeding, were resolved, I convened a status conference on September 3, 1997. At the status conference, it became apparent that many of the concerns of the participants, including the Department of Public Service ("Department"), Vermont Public Power Supply Authority ("VPPSA"), and the Burlington Electric Department ("BED"), related to the availability of transportation service over VGS' transmission line from the Canadian Border to Burlington. At that time, VGS had recently filed tariffs introducing two interruptible transportation services, which the Board was planning to investigate in Docket 6016. Because establishment of transportation service could resolve the issues raised by other parties, NNEG suggested the possibility of deferring consideration of the petition (as amended) in this proceeding until the outcome of that

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1. HQ had purchased a 32% share in Noverco Inc., an indirect owner of NNEG and through NNEG of Vermont Gas Systems, Inc. ("VGS").

2. Order of 5/1/97. On February 11, 1997, NNEG reported that through a second transaction, HQ had purchased an additional share of Noverco. The docket was opened to consider both transactions.

investigation. NNEG reiterated this request in a letter dated September 29, 1997; the other parties agreed with NNEG's proposal. As a result, review of HQ's acquisitions was delayed.

The Board issued its final Order in Docket 6016 on November 24, 1998, approving two new services: an interruptible transportation service for certain large customers (the "IT Tariff" or "IT Service") and a seasonal, interruptible transportation service for electric generation facilities (the "GT Tariff" or "GT Service"). That Order also stated that the Board would investigate in a future proceeding the possible establishment of a transportation rate for customers, such as the McNeil Generating Station, that did not use any of VGS' distribution system.<sup>3</sup>

On April 7, 1999, I held a Status Conference to address the schedule for the remainder of this proceeding. VPPSA and BED both observed that the two interruptible transportation services did not adequately resolve their concerns and that the need for hearings, perhaps extensive ones concerning market power, still existed. They suggested that a firm transportation tariff and an transportation tariff for customers that did not use the distribution system (as the Board had stated it would consider) may address their concerns. NNEG stated that VGS intended to file additional transportation tariffs in the near future.

Because of the possibility that the new tariff filings could resolve many if not all of the issues in this proceeding, I requested that the parties to discuss how we should proceed and report within a month. The parties submitted those filings in early May, 1999. NNEG proposed deferring proceedings until after the submission by VGS, of and Board action on, a firm-transportation tariff. According the VGS, all parties agreed that the proceedings should be deferred. NNEG stated that it would file the tariff no later than September 30, 1999. The Department supported NNEG.<sup>4</sup>

BED stated that it did not object, on the condition that the Board required the filing of the tariff by June 30, 1999 or as soon thereafter as reasonably possible. BED also conditioned its lack of objection on combining the investigation into VGS' tariff with an investigation into separate transportation rates for transmission-only customers. VPPSA generally concurred

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3. Docket 6016, Order of 11/24/98 at 15.

4. Letter of May 11, 1999, from Sheldon Katz, Esq.

with BED, although VPPSA also requested that the Board consolidate the instant proceeding with a petition filed by IPL Energy ("IPL") to acquire a 26% share of Noverco, which was filed in the summer of 1997.

I agree with the parties that a further delay in this proceeding is warranted while VGS prepares and submits its new firm transportation tariff. The primary difference between the parties is the date by which VGS must file that tariff. Here, I find NNEG's proposal to file the tariff as soon as possible, but no later than September 30, 1999, reasonable and adopt it.

As to whether consolidation of the Board's investigation into VGS' firm transportation tariff should be consolidated with review of a transportation tariff for customers that do not use the distribution system, I conclude that it is not necessary to reach a decision now. BED and VPPSA's proposals make sense and will allow a more comprehensive review of transportation options. However, the decision on the structure and scope of the new proceeding should be made by the Hearing Officer in that case.

The final issue raised by VPPSA is the forum for considering IPL's petition under 30 V.S.A. § 107 to acquire a controlling interest in VGS' parent corporation. VPPSA's proposal to consider that petition as part of this proceeding is reasonable<sup>5</sup> and I will forward the proposal to the Board for its consideration.

SO ORDERED.

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5. At this time, the Board has not opened a separate proceeding to consider IPL's petition.

DATED at Montpelier, Vermont, this 1<sup>st</sup> day of September, 1999.

s/ George E. Young  
George E. Young  
Hearing Officer

OFFICE OF THE CLERK

FILED: September 1, 1999

ATTEST: s/ Susan M. Hudson  
Clerk of the Board

*Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board of any technical errors, in order that any necessary corrections may be made.*