

Information on Liberty's Agreement with Tennessee Gas Pipeline for Firm Transportation

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (Liberty) is a public utility that provides natural gas service to approximately 86,000 customers in southern and central New Hampshire and in Berlin, New Hampshire, as well as providing propane air service to approximately 1,200 customers in Keene. Like all New Hampshire utilities, Liberty is required to provide safe and reliable service to its customers.

On December 31, 2014, Liberty filed a Petition for Approval of a Firm Transportation Agreement (Precedent Agreement) with Tennessee Gas Pipeline Company, LLC (TGP). The Precedent Agreement is a long-term contract for additional natural gas pipeline capacity. Under the agreement, TGP will deliver natural gas to Liberty's distribution system over TGP's Northeast Direct project should the project be built. In support of its request, Liberty states that there is a need for more gas supply resources as soon as next year and a significant resource deficiency by the end of a 24-year planning period.

The Precedent Agreement will take effect only if TGP's Northeast Direct project is built. Approval of the Precedent Agreement is separate from any approval of, or permissions for, siting or construction of the Northeast Direct project. Approvals and permissions for the Northeast Direct project are not matters over which the Commission has any say. Those approvals and permissions are currently pending determination by other regulatory agencies, including the Federal Energy and Regulatory Commission (FERC). While the issues related to siting and construction are important, they are not relevant to the Commission's determinations in Docket DG 14-380, the docket opened by the Commission to consider Liberty's request, and are not issues over which the Commission has jurisdiction. Should the FERC approve the TGP's proposed Northeast Direct project, New Hampshire's Site Evaluation Committee expects to be asked to approve the siting of the portion of the project in New Hampshire.

The purpose of the Commission's review in Docket DG 14-380 is to determine whether the terms of the Precedent Agreement are prudent, just, and reasonable, from the perspective of balancing Liberty's shareholders' interests with its customers' interests. The determination will depend on analysis of Liberty's projected service requirements and an economic review. DG 14-380 is not a review of the Northeast Direct project proposed by TGP. If the Commission approves the contract and the pipeline is built, Liberty will be allowed to recover the capacity costs associated with the Precedent Agreement from customers on a dollar-for-dollar basis. Liberty is not permitted to generate a profit on capacity costs.

Only those comments related to the terms of the Precedent Agreement or its impact on Liberty rates and service will be considered in this proceeding. Because the Commission has no jurisdiction to decide issues relating to the approval of the Northeast Direct project, members of the public who wish to comment generally on the Northeast Direct project are asked to direct their comments to the other appropriate regulatory agencies.

More information about Liberty's request for approval of Precedent Agreement can be found at <http://puc.nh.gov/Regulatory/Docketbk/2014/14-380.html>.