

**STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION**

**Re: EnergyNorth Natural Gas, Inc.  
d/b/a Liberty Utilities**

**Winter 2012-2013 Cost of Gas**

**Docket No. DG 12-\_\_\_\_\_**

**Pre-filed Direct Testimony of  
Michele V. Leone  
on behalf of  
EnergyNorth Natural Gas, Inc.  
d/b/a Liberty Utilities**

**August 31, 2012**

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1 **I. BACKGROUND**

2 **Q.** Please provide your name, job title and job description.

3 **A.** My name is Michele Leone. I am the Manager of the New England and Upstate  
4 New York Site Investigation and Remediation Program for National Grid. I am  
5 responsible for overseeing the management of the investigation and remediation  
6 of MGP sites for National Grid’s Massachusetts, Rhode Island and Upstate New  
7 York affiliates and am providing site investigation and remediation services to  
8 EnergyNorth Natural Gas, Inc. d/b/a Liberty Utilities (“ENGI” or the “Company”)  
9 pursuant to the July 3, 2012 Amended and Restated Transition Services  
10 Agreement between National Grid USA and ENGI.

11 **Q.** Please describe your educational and professional background.

12 **A.** I hold a Bachelor of Science in Environmental Engineering from Syracuse  
13 University, and a Master of Science in Engineering in Environmental Engineering  
14 from the University of Michigan at Ann Arbor. I have been employed by  
15 National Grid since December 2000 in the Site Investigation and Remediation  
16 Group, managing the investigation and remediation of MGP sites. Prior to my  
17 employment by National Grid, I held the position of Project Manager for an  
18 environmental consulting firm, with responsibility for the investigation and  
19 remediation of numerous hazardous waste sites and for providing technical  
20 support to expert witnesses in litigation cases.

21 **Q.** What is the purpose of your testimony?

22 **A.** The purpose of my testimony is to discuss the status of ENGI’s site investigation  
23 and remediation efforts at various MGP sites in New Hampshire, to briefly

24 describe the MGP-related activities performed by the various contractors and  
25 consultants, to discuss the costs for which the Company is seeking rate recovery,  
26 and to describe the status of the Company's efforts to seek reimbursement for  
27 MGP related liabilities from third parties. My testimony is intended to update the  
28 information provided by the Company in prior cost of gas proceedings. The costs  
29 associated with these investigations and remediation efforts and certain of the  
30 amounts recovered from third parties are included in the schedules and other data  
31 prepared by Ms. Leary as part of the Company's cost of gas filing.

32 **STATUS OF INVESTIGATION AND REMEDIATION ACTIVITIES**

33 **Q.** Will you please briefly describe the status of each of the Company's MGP sites?

34 **A.** Rather than reviewing each of these sites in a question and answer format,  
35 consistent with past practice, the description of the status of investigation and  
36 remediation efforts at each site as well as the various efforts to recover the site  
37 investigation and remediation costs from third parties are summarized in materials  
38 included with Tab 20 of the Company's filing. These summaries follow the  
39 format that has previously been agreed upon in discussions between the Company  
40 and Commission staff. In addition, as previously ordered by the Commission, in  
41 July 2012, the Company held what has been an annual technical session with the  
42 Commission staff and the Office of Consumer Advocate to keep them apprised of  
43 the status of site investigation and remediation efforts, as well as cost recovery  
44 efforts against third parties.

45 **Q.** In 2004, the Company began an investigation of an area referred to generally as  
46 Lower Liberty Hill. Please briefly describe the current status of the Company's

47 investigation at Lower Liberty Hill and any significant events over the course of  
48 the past year.

49 A. Lower Liberty Hill is a disposal area associated with the former Laconia MGP.  
50 The disposal area is located in what is now a residential neighborhood in Gilford.  
51 The Company completed investigation activities at Lower Liberty Hill in 2007  
52 and the results indicate that soil and groundwater contamination from MGP waste  
53 products have impacted locations formerly occupied by four residential properties  
54 and a portion of an abutting stream. These impacts are primarily located in sub-  
55 surface soils, and in deep groundwater. No drinking water impacts have been  
56 found. A Remedial Action Plan (“RAP”) was submitted to NHDES in February  
57 2007, which recommended a remedial alternative consisting of a subsurface  
58 containment wall, limited soil removal and an impermeable cap. In September  
59 2007, NHDES, responded to the February 2007 RAP and required the Company  
60 to evaluate additional remedial alternatives that included further soil removal. In  
61 November 2007, the Company submitted RAP Addendum No. 1 to NHDES. The  
62 revised plan recommended a remedial alternative that included construction of a  
63 subsurface containment wall, removal of tar-saturated soils to a depth of  
64 approximately 45 feet, and installation of an impermeable cap on the four  
65 residential properties owned by the Company. On February 29, 2008, NHDES  
66 issued a letter to the Company indicating that it had reached a preliminary  
67 determination that the remedy recommended in the November 2007 RAP met the  
68 NHDES requirements and that a final decision would be reached following a  
69 public meeting and comment period. Following a public meeting in March and a

70 six week public comment period, NHDES issued a letter on June 26, 2008,  
71 deferring its final decision on the recommended remedial alternative for the  
72 Lower Liberty Hill site pending further data analysis following the development  
73 of a scope of work prepared after consultations between NHDES, the Town of  
74 Gilford and the Company. In 2008 and 2009, technical representatives from the  
75 Company, the Town of Gilford, the Liberty Hill neighborhood and NHDES met  
76 several times to discuss the comments provided to NHDES during the public  
77 comment period, the scope of groundwater modeling to be performed, additional  
78 limited data collection, and the results of the modeling and data collection  
79 conducted in late 2008 and 2009. Based on the results of the modeling, NHDES  
80 requested that the Company submit a revised Remedial Action Plan to evaluate  
81 the technical changes from the modeling event.

82 On August 17, 2009, the Company submitted Remedial Action Plan Addendum  
83 No. 2 to NHDES which revised the remediation option recommended in  
84 November 2007 to include low flow groundwater extraction and treatment. In  
85 October 2010, NHDES issued a Preliminary Decision on Remedial Action Plan  
86 Addendum No. 2, in which NHDES indicated that it did not concur with the  
87 Company's recommended remedial alternative and further recommended the  
88 complete removal of coal tar-impacted soils at the site. The Company attended a  
89 NHDES public meeting in November 2010 and submitted a comment letter to  
90 NHDES in January 2011 further explaining the Company's rationale for its  
91 recommended remedial alternative for the site and discussing why the Company  
92 believes that its recommendation should be adopted by NHDES. In November

93 2011, NHDES issued a Final Decision indicating that NHDES did not concur  
94 with the remedy recommended by the Company and selecting the full removal  
95 alternative as the remedy for the site. In December 2011, the Company appealed  
96 the Final Decision with the New Hampshire Hazardous Waste Council. The  
97 appeal process is on-going. The hearing on the appeal will be scheduled after  
98 January 3, 2013.

99 **Q.** Please briefly describe the current status of the Company's remediation work at  
100 the Manchester MGP.

101 **A.** In June 2008, the Company remediated the Merrimack River portion of the site by  
102 dredging approximately 9,000 cubic yards of coal tar impacted sediments from  
103 the river. The river dredging activities were substantially complete in late 2007  
104 and final restoration activities were completed in May 2008. A Final Remedial  
105 Action Implementation Report documenting the sediment remediation activities  
106 was submitted to NHDES in August 2008. Pre-design investigations in support of  
107 preparation of a Remedial Action Plan for the upland portion of the site were  
108 performed between 2007 and 2010, including additional site characterization, coal  
109 tar recovery pilot testing and coal tar mobility assessment and modeling. In June  
110 2010, the Company submitted a Remedial Action Plan for the upland portion of  
111 the site to NHDES which recommended source removal, coal tar recovery and  
112 installation of a barrier wall proximate to the river. In April 2011, NHDES  
113 approved the upland Remedial Action Plan and requested that the Company  
114 proceed with the additional investigation activities recommended in the June 2010  
115 Remedial Action Plan. These additional investigation activities were performed

116 off-property in late 2011; the on-property investigation work was initiated in  
117 Spring 2012 and is on-going. A Remedial Design Report for the off-property  
118 impacts is currently being finalized.

119 **Q.** Please briefly describe the current status of the Company's remediation work at  
120 the Concord MGP.

121 **A.** The Company began investigation activities at the Concord MGP site in late  
122 2004. Following initial investigation activities, NHDES requested that the  
123 Company submit a supplemental scope of work to complete the delineation of  
124 MGP-related impacts on and off site. In late 2008, the Company implemented the  
125 2007 NHDES-approved scope of work. In September 2009, the Company  
126 submitted a Supplemental Site Investigation Report to NHDES documenting  
127 NHDES-approved additional investigation activities at the site performed between  
128 2006 and 2009. NHDES approved the report in February 2010 and directed that  
129 certain additional activities be performed, including removal of the contents of  
130 certain on-site structures and certain investigation activities outside the  
131 boundaries of the Company's property. An Initial Response Work Plan for the  
132 structure work was submitted in July 2010 and approved by NHDES in August  
133 2010. The work was completed in June 2011. The Company also submitted a  
134 Supplemental Data Collection Work Plan in August 2010 for the additional  
135 investigation work requested by NHDES. NHDES approved of the Work Plan on  
136 September 16, 2010 (modified with NHDES in November 2011). These  
137 investigation activities were completed in July 2012.

138 With regard to the pond that is located near Exit 13 on Interstate 93, down-  
139 gradient from the MGP, when the pond was remediated in 1999, NHDES required  
140 that the northern portion remain untouched, allowing for storm water input to the  
141 pond, with the knowledge that some contamination remained and might require  
142 remediation in the future. In 2006, NHDES requested that the Company address  
143 the residual contamination in the pond. Following the completion of additional  
144 investigation activities of this portion of the site, the Company submitted to  
145 NHDES an Interim Data Collection Report in September 2006, a Conceptual  
146 Remedial Design in March 2007, and a Presumptive Remedy Approval Request  
147 in March 2009. In May 2009, NHDES granted the Presumptive Remedy  
148 Approval allowing for the design and implementation of a cap over the pond  
149 sediments to move forward. The proposed remedial work is to be performed on  
150 city-owned land and within a NHDOT right-of-way; therefore the Company is  
151 working with these parties to come to agreement on the design features, negotiate  
152 access, and clarify the responsibilities of the three parties.

153 **Q.** Please briefly describe the current status of the Company's remediation work at  
154 the Nashua MGP.

155 **A.** In November 2007, the Company submitted and NHDES approved a work plan  
156 for a coal tar recovery pilot test at the Nashua MGP site. In June 2008, the  
157 Company installed six extraction wells for pilot testing at the site. The Company  
158 completed construction of the coal tar recovery system and it began operating in  
159 November 2009. To date, 198 gallons of coal tar (also referred to as "DNAPL" or  
160 Dense Non-Aqueous Phase Liquid) have been recovered. In September 2010, the

161 Company submitted an Installation Summary and DNAPL Recovery Pilot test  
162 summary report to NHDES recommending that DNAPL extraction activities  
163 continue. In addition, the Company submitted a work plan to NHDES in October  
164 2010 for an off-site groundwater investigation program to support the delineation  
165 of a Groundwater Management Zone. This work plan was approved by NHDES  
166 on November 5, 2010. Following access negotiations and environmental  
167 permitting for this investigation (completed in June 2011), the work was  
168 performed between October and December 2011. Data analysis is on-going. In  
169 addition, two groundwater sampling rounds were conducted.

170 **Q.** What other MGP investigation and remediation activity has the Company  
171 undertaken in the last year?

172 **A.** Lower Liberty Hill, Manchester, Concord and Nashua are the four areas where  
173 there is significant activity involving the Company. There is little or no activity to  
174 report at the Keene or Dover locations at this time. As I mentioned previously,  
175 the summaries included in the Company's cost of gas filing provide additional  
176 detail regarding all of the Company's former MGP sites.

177 **III STATUS OF INSURANCE COVERAGE LITIGATION**

178 **Q.** Have there been any recent significant developments in the Company's efforts to  
179 seek contribution from its insurance carriers that you wish to discuss?

180 **A.** No. Insurance recovery efforts are mostly complete with respect to all of the  
181 Company's former MGP sites. With respect to Liberty Hill, insurance carriers  
182 have been placed on notice of a potential claim, but no litigation has been  
183 initiated.

184 **Q.** Does this conclude your direct testimony?

185 **A.** Yes, it does.