



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

Docket No. DG 15-_____

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Petition for Expansion of Franchise to the Towns of Pelham and Windham, New Hampshire

DIRECT TESTIMONY

OF

STEVEN E. MULLEN

August 31, 2015

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Steven E. Mullen. My business address is 15 Buttrick Road, Londonderry,
4 NH 03053.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Liberty Utilities Service Corp. (“Liberty Utilities”) as Manager, Rates
7 and Regulatory. I am responsible for rates and regulatory affairs for Liberty Utilities
8 (EnergyNorth Natural Gas) Corp. (“EnergyNorth” or “the Company”) and Liberty
9 Utilities (Granite State Electric) Corp.

10 **Q. On whose behalf are you testifying today?**

11 A. I am testifying on behalf of EnergyNorth.

12 **Q. Mr. Mullen, please state your professional experience and educational background.**

13 A. Prior to joining Liberty Utilities in 2014, I was employed by the New Hampshire Public
14 Utilities Commission from 1996 through 2014, in various roles. From 1996 through
15 2008, I held positions first as a PUC Examiner, then as a Utility Analyst III and Utility
16 Analyst IV.

17 In those roles, I had a variety of responsibilities that included field audits of regulated
18 utilities’ books and records in the electric, telecommunications, water, sewer and gas
19 industries, rate of return analysis, review of a wide variety of utility filings and

1 presentment of testimony before the Commission. In 2008, I was promoted to Assistant
2 Director of the Electric Division. Working with the Electric Division Director, I was
3 responsible for the day-to-day management of the Electric Division, including decisions
4 on matters of policy. In addition, I evaluated and made recommendations concerning
5 rate, financing, accounting and other general industry filings. In my roles at the
6 Commission, I represented Commission Staff in meetings with utility officials, outside
7 attorneys, accountants and consultants relative to the Commission's policies, procedures,
8 Uniform System of Accounts, rate case, financing and other industry and regulatory
9 matters.

10 From 1989 through 1996, I was employed as an accountant with Chester C. Raymond,
11 Public Accountant in Manchester, NH. My duties involved preparation of financial
12 statements and tax returns, as well as participation in year-end engagements.

13 In 1989, I graduated from Plymouth State College with a Bachelor of Science degree in
14 Accounting. I attended the NARUC Annual Regulatory Studies Program at Michigan
15 State University in 1997. In 1999, I attended the Eastern Utility Rate School sponsored
16 by Florida State University. I am a Certified Public Accountant and have obtained
17 numerous continuing education credits in accounting, auditing, tax, finance and utility
18 related courses.

1 **Q. Have you previously testified before this Commission?**

2 A. Yes. I have testified in numerous proceedings before the Commission.

3 **Q. What is the purpose of your testimony today?**

4 A. My testimony discusses the Company's plans with respect to rates and charges for
5 customers in the Towns of Pelham and Windham, New Hampshire, following
6 Commission approval of the franchise expansion request and construction of the gas
7 distribution system.

8 **Q. How will the rates, charges and terms of service for customers in the expanded
9 franchise area be established?**

10 A. As customers in Pelham and Windham will be customers of EnergyNorth, the rates,
11 charges and terms of service in EnergyNorth's current tariff will apply to those
12 customers.

13 **Q. Has the Company included a copy of its current tariff with this filing?**

14 A. No. The tariff is available on the Company's website
15 (http://www.libertyutilities.com/east/gas/saving/gas_rates.html) and on the Commission's
16 website (<http://www.puc.nh.gov/Regulatory/companies-regulated-tariffs.htm#gas>). Due
17 to its size, the fact that it has already been approved for service to EnergyNorth
18 customers, and that the Company is requesting that the same terms and conditions of
19 service for existing customers apply to any new customers in Pelham and Windham, the
20 Company has requested a waiver of the filing requirement found in Puc 1603.02(a).

1 **Q. Would the Cost of Gas (COG) rates charged to Pelham and Windham customers be**
2 **the same as the COG rates charged to EnergyNorth customers?**

3 A. Yes. Pelham and Windham customers would be supplied with gas from the existing
4 Concord Lateral supply line that currently runs through those towns, and thus, they will
5 be provided service from the same pipeline that is used to serve other EnergyNorth
6 customers.

7 **Q. Would it be appropriate to charge the same delivery rates to the Pelham/Windham**
8 **customers as customers in other areas of EnergyNorth's service territory?**

9 A. Yes. Assuming approval of the franchise expansion, EnergyNorth would construct a
10 distribution system for delivery of gas to its customers. This system would be no
11 different than the distribution system that exists in the remainder of EnergyNorth's
12 service territory, other than the Keene area. Therefore, the costs of constructing, owning,
13 operating and maintaining the distribution system should not differ in any material way.
14 That also justifies the application of the same general terms and conditions that currently
15 exist in EnergyNorth's tariff. Given that there would be no difference in the distribution
16 system constructed in the Pelham/Windham service territory as compared to the rest of
17 EnergyNorth's system, for ratemaking purposes, the costs associated with the
18 Pelham/Windham distribution system would be included in EnergyNorth's total
19 distribution plant and operation and maintenance costs.

1 **Q. Mr. Clark discussed the cost of a new take station that would be required to be**
2 **constructed in Pelham. How would the cost of the new take station be treated with**
3 **regard to rates?**

4 A. Similar to other investments and upgrades that may be installed on the EnergyNorth
5 distribution system from time to time that provide for growth and/or enhance system
6 reliability, the capital costs for the take station will be incorporated into EnergyNorth's
7 next distribution rate case as part of rate base and be borne by all EnergyNorth customers
8 subject to the same tariff.

9 **Q. Would the same customer rate classifications as found in EnergyNorth's existing**
10 **(non-Keene) tariff apply to Pelham and Windham customers?**

11 A. Yes. Those customer rate classifications include residential non-heating, residential
12 heating, low-income residential heating, and small, medium and large commercial and
13 industrial rate classes that differentiate based on both annual and winter usage.

14 **Q. Would the Local Distribution Adjustment Clause (LDAC) apply to all customers in**
15 **the Pelham/Windham service territory?**

16 A. Yes. Consistent with the terms of the tariff, the LDAC (which includes charges for
17 demand-side management lost revenues and program costs, energy efficiency programs,
18 certain environmental remediation costs for the clean-up of former manufactured gas
19 sites in New Hampshire, and lost revenues and program costs associated with the
20 Residential Low Income Assistance Program) is applicable to all therms sold or

1 transported by the Company and is used to recover costs of general applicability to all
2 customer classes. As Pelham and Windham customers would be EnergyNorth customers,
3 it would be appropriate that they be charged the LDAC rate. This would also provide the
4 new EnergyNorth customers in this new service territory access to the Company's award
5 winning CORE energy efficiency programs. While these customers may have been
6 eligible for energy efficiency services from their electric utility, conversion to natural gas
7 would provide customers with the opportunity to replace potentially old and less fuel
8 efficient boilers with new, high efficiency boilers for which they may be eligible for
9 rebates through the Company's energy efficiency programs.

10 **Q. Could there be situations where it may be appropriate to serve certain customers**
11 **pursuant to a special contract?**

12 A. Yes. Consistent with Section 5(C) of EnergyNorth's tariff, there may be circumstances,
13 such as a large dual-fuel customer, where a customer may be served pursuant to a special
14 contract that involves such terms as longer service periods, revenue guarantees through
15 minimum take-or-pay amounts or other terms to ensure recovery of the Company's
16 investment in the system and facilities necessary to serve a particular customer's needs.
17 Any such situations would be evaluated on a case-by-case basis.

18 **Q. Does this conclude your testimony?**

19 A. Yes, it does.