

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

March 23, 2017 - 1:36 p.m.
Concord, New Hampshire

10 APR '17 PM 2:00

RE: DG 17-023
LIBERTY UTILITIES (ENERGYNORTH
NATURAL GAS) CORP. d/b/a LIBERTY
UTILITIES: NHPUC Tariff No. 8
Revision adding Excess Flow
Valves (EFV).
(Prehearing conference)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

APPEARANCES: Reptg. Liberty Utilities (EnergyNorth
Natural Gas) Corp. d/b/a Liberty
Utilities:
Michael J. Sheehan, Esq.

Reptg. Residential Ratepayers:
Brian Buckley, Esq.
Pradip Chattopadhyay, Asst. Cons. Adv.
Office of Consumer Advocate

Reptg. PUC Staff:
John Clifford, Esq.
Randall Knepper, Dir./Safety Division
Al-Azad Iqbal, Gas & Water Division

Court Reporter: Steven E. Patnaude, LCR No. 52

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P R O C E E D I N G

CHAIRMAN HONIGBERG: We're here this afternoon in Docket DG 17-023, which is a tariff filing by Liberty Utilities (EnergyNorth Natural Gas) Corp. regarding excess flow valves and the installation of such valves in existing properties that are not being newly installed or replaced.

Before we do anything further, let's take appearances.

MR. SHEEHAN: Good afternoon. Mike Sheehan, for Liberty Utilities (EnergyNorth Natural Gas) Corp.

MR. BUCKLEY: Good afternoon. Brian Buckley, with the Office of Consumer Advocate. With me here today is Dr. Pradip Chattopadhyay.

MR. CLIFFORD: Good afternoon. John Clifford, Staff Attorney for the New Hampshire Public Utilities Commission. At counsel's table is Randy Knepper, head of the Commission's Safety Division, and Al-Azad have Iqbal, an Analyst in the Gas and Water Division.

CHAIRMAN HONIGBERG: All right. Are

1 there any preliminary matters we need to deal
2 with before the parties state their positions?

3 MR. SHEEHAN: I'm aware of none.

4 CHAIRMAN HONIGBERG: Nor am I. And
5 there's no other intervenors, correct?

6 MR. SHEEHAN: Correct.

7 MR. CLIFFORD: Correct.

8 CHAIRMAN HONIGBERG: All right.

9 Mr. Sheehan, why don't you go first.

10 MR. SHEEHAN: Sure. Excess flow
11 valves are mechanical safety devices that are
12 installed inside of a gas service, between the
13 main -- the main in the street and the meter.
14 They're designed to limit the flow of gas if,
15 for example, the service line is ruptured by a
16 backhoe or the like. The valve would
17 automatically reduce the flow of gas to make
18 the situation safer.

19 Federal rules currently require
20 installation of EFVs for new or replaced gas
21 service lines serving single family homes. A
22 new PHMSA rule related to these prompted this
23 filing. The introductory statement to the
24 rules published in the Federal Register makes

1 clear that EFVs are safety devices. "Excess
2 flow valves, which are safety devices installed
3 on natural gas distribution pipelines to reduce
4 the risk of accidents are currently required
5 for new or replaced gas service lines servicing
6 single-family residences." And it goes on to
7 say there are other required installations for
8 new and replaced lines. The new rule expands
9 the requirement for EFVs and make some other
10 changes.

11 What brings us here today are a
12 couple things, and I'm reading from the summary
13 again: "Lastly, this final rule requires
14 operators to notify customers of their right to
15 request installation of an EFV on service lines
16 that are not being newly installed or replaced.
17 PHMSA has left the question of who bears the
18 cost of installing EFVs on service lines not
19 being newly installed or replaced to the
20 operator's rate-setter." So, they're requiring
21 us to install them in existing lines, and
22 leaving it to the Commission to decide how it's
23 paid for.

24 The proposal we put in front of you

1 in this filing is that the customer requesting
2 it would pay for it. Since making that filing,
3 we've had internal conversations, we had a
4 little conversation with Staff, and there are
5 certainly other options for how we can do this.
6 And, at the end of this -- my little speech
7 here, what we are going to hope to do in this
8 docket is figure out what is the best way. It
9 may not be what we proposed, but we might come
10 up with something different.

11 And there are two main issues that
12 drive -- two other things that I think to keep
13 in mind. We have -- well, first of all, if the
14 customer pays for it, that's easy. The valve's
15 in, we move on. If the customer doesn't pay
16 for it, if the particular customer, the
17 Company's proposal will be to socialize the
18 cost and be able to recover those costs through
19 the next rate case.

20 The other issue that came up is we
21 received a request from a commercial customer
22 who is above that 1,000 CFH threshold. And,
23 if, for example, we were to provide residential
24 EFVs for free, under this rule, but then had to

1 tell this commercial customer, who's outside
2 the requirement, "Hey, I want this safety
3 device, too", and we're not allowed to do that
4 one for free, we set up what could be a unfair
5 situation that we have a safety divide that one
6 customer gets it for free and the other has to
7 pay for it. So, that's the other issue that
8 came up just in the last week or so with some
9 expressed interest from our customers.

10 So, again, at the end of the day, we
11 look forward to working with the Staff, the
12 Safety Division, the OCA, to come up with what
13 is the best way to do this. I know there are
14 other -- this is a rule nationwide. So, I
15 suspect the Safety Division has information of
16 what other utilities are doing, and we're
17 trying to figure out what works best.

18 CHAIRMAN HONIGBERG: Mr. Sheehan, do
19 you have a sense of the order of magnitude of
20 the cost we're talking about?

21 MR. SHEEHAN: The proposal in the
22 tariff was --

23 *[Atty. Sheehan conferring with*
24 *company representatives.]*

1 MR. SHEEHAN: Yes. It could be up to
2 \$2,500. We have to dig up the yard and get in
3 there.

4 CHAIRMAN HONIGBERG: Is that
5 different in a commercial application?

6 MR. SHEEHAN: It depends, of course.
7 Interestingly, the commercial customer that
8 knocked on our door had a similar size line,
9 but it's just using more gas. So, it could be
10 the same. Obviously, a bigger service might be
11 more cost. But not -- in the normal course,
12 not necessarily.

13 CHAIRMAN HONIGBERG: Thank you. Mr.
14 Buckley.

15 MR. BUCKLEY: The OCA is generally
16 supportive of this tariff revision, but is
17 still evaluating the proposal. And looks
18 forward to working out with the interested
19 parties any issues that may evolve.

20 CHAIRMAN HONIGBERG: Mr. Clifford.

21 MR. CLIFFORD: The Commission Staff
22 takes no real position at this time. We'll be
23 participating in the technical session
24 following this prehearing conference, with a

1 view towards engaging in some additional
2 discovery in this matter. We'll make our
3 position known as the docket develops.

4 But I believe our -- excuse me,
5 Division Director of the Safety Division has
6 some thoughts just to share with the Commission
7 at this time, initial thoughts.

8 CHAIRMAN HONIGBERG: Mr. Knepper.

9 MR. KNEPPER: Yes. I just want to
10 make it clear, excess flow values aren't new to
11 the State of New Hampshire. We've been putting
12 them in since the '80s, actually, maybe the
13 late '70s.

14 This new provision at the federal
15 level just expands what they have been doing
16 and what the requirement is. For instance,
17 Liberty has approximately 68,000 services, and
18 they have 42,000 of these excess flow valves on
19 those services. So, almost two-thirds of the
20 services in existence already have them.
21 There's certain ones that -- services that they
22 have that they wouldn't work for low pressure
23 services in other places. So, they're a
24 standard device that goes on things.

1 Our interest is going to be able to
2 encourage the use of safety devices, I
3 definitely encourage that. But, really, I
4 think where the discussion is going to be is on
5 the cost allocations, and what's the best
6 method for that.

7 CHAIRMAN HONIGBERG: In terms of
8 what's existing in the system already, is there
9 a temporal aspect to it? Everything that was
10 installed after a particular date has one?

11 MR. KNEPPER: No. But the Company
12 has been installing them long before they even
13 went into Federal Code. They were one of the
14 first ones in the New England companies, were
15 one of the first ones in existence that were
16 putting these devices in. They're a safety
17 device. And they don't get exercised very
18 often, which is a good thing. But, when they
19 do, they can help minimize the loss of gas and
20 the spreading of gas, which is what you don't
21 want to happen.

22 So, it's kind of a normal course of
23 business in which they're being put in for
24 around here. And there is certain sizes where

1 these things aren't made. So, they wouldn't be
2 applicable to industrial customers and that
3 kind of thing.

4 So, what we're interested in is
5 consistent messaging, a simple approach that
6 works for everybody. And we're looking forward
7 to have those discussions.

8 CHAIRMAN HONIGBERG: Commissioner
9 Bailey.

10 CMSR. BAILEY: And has the investment
11 in these excess flow valves that are routinely
12 installed been included in socialized rates?

13 MR. SHEEHAN: In the normal course,
14 and Mr. Knepper is correct, I was talking to
15 Rich MacDonald this morning, he couldn't be
16 here this afternoon, there is a rough line
17 after which we put them in, before which we
18 didn't. It's not a clear line, but he has a
19 pretty good idea.

20 So, when you're putting them in as
21 you're installing a service, it's a \$4.00 part
22 or a \$20.00 part. It's not a big difference.
23 It probably adds 20 bucks to the installation.
24 So, yes, if we're already in there putting it

1 in, that's been part of the costs. It's only
2 when we have to dig up solely to put in the
3 valve that it becomes a cost issue.

4 CHAIRMAN HONIGBERG: Okay. Well,
5 thank you. I understand there's a technical
6 session that's going to follow this to discuss
7 scheduling and the like?

8 [No verbal response - multiple
9 parties nodding in the
10 affirmative.]

11 CHAIRMAN HONIGBERG: All right.
12 Well, we will leave you to that and adjourn
13 this prehearing conference. Thank you all.

14 **(Whereupon the prehearing**
15 **conference was adjourned at 1:46**
16 **p.m., and a technical session**
17 **was held thereafter.)**

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