

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

April 23, 2014 - 1:35 p.m.
Concord, New Hampshire

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RE: DG 14-091
LIBERTY UTILITIES (EnergyNorth Natural Gas)
CORP., d/b/a LIBERTY UTILITIES:
Special Contract and Lease Agreement with
Innovative Natural Gas, LLC d/b/a iNATGAS.
(Prehearing conference)

PRESENT: Commissioner Robert R. Scott, Presiding
Commissioner Martin P. Honigberg

Sandy Deno, Clerk

APPEARANCES: Reptg. Liberty Utilities (EnergyNorth Natural
Gas) Corp., d/b/a Liberty Utilities:
Sarah B. Knowlton, Esq.

Reptg. Innovative Natural Gas d/b/a iNATGAS:
Babak Alizadeh
Scott Zepp

Reptg. Global Partners:
Philip E. Segaloff, Esq.

Reptg. Clean Energy Fuels:
Drew Drummond

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

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APPEARANCES: (c o n t i n u e d)

Reptg. OsComp:

Mary Usovicz

Reptg. NG Advantage:

Jill M. Pfenning, Esq.

Reptg. Residential Ratepayers:

Susan Chamberlin, Esq., Consumer Advocate

Jim Brennan

Office of Consumer Advocate

Reptg. PUC Staff:

Alexander F. Speidel, Esq.

Michael J. Sheehan, Esq.

Stephen Frink, Asst. Dir./Gas & Water Div.

Randall Knepper, Director/Safety Division

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P R O C E E D I N G

1
2 CMSR. SCOTT: Good afternoon. The Chair
3 will not be here for this proceeding. So, you're stuck
4 with the two of us. I'd like to open the prehearing
5 conference for Liberty Utilities in their request for
6 approval of a Special Contract and Lease Agreement with
7 Innovative Natural Gas.

8 And, perhaps we could start with
9 appearances. Good afternoon.

10 MS. KNOWLTON: Good afternoon,
11 Commissioners. My name is Sarah Knowlton. I'm Assistant
12 General Counsel at Liberty Energy Utilities New Hampshire
13 Corp., and I'm here today on behalf of Liberty Utilities
14 (EnergyNorth Natural Gas) Corp. And, with me today from
15 the Company is Stephen Hall and Mark Savoie.

16 CMSR. SCOTT: Thank you.

17 MS. CHAMBERLIN: Good afternoon.
18 Suzanne Chamberlin, Office of the Consumer Advocate. And,
19 with me today is Jim Brennan.

20 CMSR. SCOTT: Excellent.

21 MS. USOVICZ: Oh. Mary Usovicz, with
22 OsComp.

23 MR. SEGALOFF: I'm Phil Segaloff, with
24 Global Partners. We actually seek a petition to intervene

1 late.

2 CMSR. SCOTT: Okay.

3 MR. SEGALOFF: I'm sorry. And, I'm with
4 Jane Michalek.

5 MR. DRUMMOND: Drew Drummond, with Clean
6 Energy Fuels. We seek to petition for a late intervention
7 as well.

8 CMSR. SCOTT: Okay.

9 MS. PFENNING: Jill Pfenning, with NG
10 Advantage.

11 CMSR. SCOTT: Welcome.

12 MR. SPEIDEL: Alexander Speidel,
13 representing the Staff of the New Hampshire Public
14 Utilities Commission. And, I have with me Stephen Frink,
15 Assistant Director of the Gas and Water Division, also
16 Mike Sheehan, who is my co-counsel for this proceeding,
17 and Randy Knepper, who is the Director of the Safety
18 Division.

19 CMSR. SCOTT: Thank you. And, for those
20 probably new to the Commission. So, this is a prehearing
21 conference. So, we'll hear some preliminary discussion,
22 address any pressing issues. And, then, we'll leave you
23 all to your own devices and have your conference.

24 Do you have something? Oh. Okay.

1 CMSR. HONIGBERG: Ms. Knowlton.

2 MS. KNOWLTON: Commissioner Scott,
3 there's one other party, well, not "party", but there are
4 other people here in the room who I think would like to
5 introduce themselves at this time.

6 CMSR. SCOTT: Absolutely.

7 (Court reporter interruption.)

8 MR. ALIZADEH: Good afternoon. My name
9 is Babak Alizadeh. I am from Innovative Natural Gas d/b/a
10 as iNATGAS, as well as President of Alternative Vehicle
11 Services Group, we are known as "AVSG".

12 CMSR. SCOTT: Welcome.

13 MR. ALIZADEH: And, on my right is my
14 colleague, Scott Zepp, also from iNATGAS.

15 CMSR. SCOTT: Thank you. So,
16 Ms. Knowlton?

17 MS. KNOWLTON: I guess I have nothing
18 further, unless there are particular matters you'd like
19 the Company to address.

20 CMSR. SCOTT: Okay. Let me ask Staff,
21 are there any issues that we need to address for the
22 prehearing conference?

23 MR. SPEIDEL: Just a second. There is
24 some reverb on the microphone. Are we all set? Okay.

1 Well, Commissioner, there's a few things that Staff would
2 like to do. The first thing that Staff would like to do
3 is give parties the opportunity to make statements
4 regarding their initial positions. Staff has prepared
5 such an initial position statement. And, we will defer to
6 the other parties as to how the order should be arranged
7 for those.

8 The other matter is that the Commission
9 may wish to take the late-filed petitions for intervention
10 under advisement at this time. But, as a general matter,
11 Staff does not object to those motions to intervene at the
12 present time.

13 CMSR. HONIGBERG: Do we even have those?
14 We have not seen the petitions to intervene. So, we're
15 not --

16 MR. SPEIDEL: Nor has Staff.

17 CMSR. HONIGBERG: Okay.

18 MR. SPEIDEL: We have seen an initial --
19 excuse me. We have seen an initial draft of the petition
20 of the Global entity. But we have not yet seen any other
21 written materials.

22 CMSR. SCOTT: Sounds like he has them.

23 MR. SEGALOFF: I actually do. If I
24 could pass out some of these petitions?

1 CMSR. SCOTT: Yes. Do you have enough
2 for all of the parties?

3 MR. SEGALOFF: I sure do.

4 CMSR. SCOTT: Excellent.

5 (Atty. Segaloff distributing documents.)

6 CMSR. SCOTT: Thank you.

7 MR. SEGALOFF: Thank you.

8 CMSR. SCOTT: And, does this petition
9 cover everybody at the table?

10 MR. SEGALOFF: No. It's just for
11 Global.

12 CMSR. SCOTT: Okay. Now, were you going
13 to submit a petition also?

14 MR. DRUMMOND: Clean Energy would like
15 to. Unfortunately, the timing was not good for us, and I
16 don't have anything to present today. If allowable, we'd
17 like to get something to you by the end of the week to
18 offer for consideration.

19 CMSR. SCOTT: Okay. Does any of the
20 parties have any issues if we were to do that?

21 MS. KNOWLTON: Yes. The Company does.
22 We -- I'll turn off the microphone. It seems like my
23 microphone is the problem. If I'm not loud enough, let me
24 know. The Company does have an objection to the Global

1 CNG LLC Petition to Intervene, which it did receive this
2 morning. And, the Company would object to the extension
3 of the time frame for any further interventions. And, I
4 would be glad to present the Company's arguments in that
5 regard, if that would be helpful.

6 CMSR. HONIGBERG: You know, I think what
7 might be better is for the companies that are not prepared
8 to, I mean, for you to be able to file in writing a
9 response to what's been filed, to have the parties that
10 are late seek permission to do that in writing,
11 accompanied by an appropriate motion, which you can then
12 respond to, rather than everything just kind of being oral
13 right now. I think it would be better for everyone to see
14 the written positions of the people who want to intervene,
15 and then you can state your objections in writing. Does
16 that sound all right with you?

17 MS. KNOWLTON: The Company -- the
18 Company can do that. My concern is that we have asked for
19 this Special Contract and Lease to take effect in a fairly
20 short time frame. And, my concern only is that, if we
21 spend, you know, another week or two with motions and
22 objections to motions or petitions to intervene, and then
23 a Commission order on that, you know, that we're chewing
24 up precious time, you know, on issues of intervention,

1 when there was an order of notice that was published in
2 accordance with the Commission's requirements, and
3 opportunity for interested parties to submit their
4 petitions to intervene. So, I do have a concern about
5 time that's passing.

6 CMSR. SCOTT: Thank you.

7 CMSR. HONIGBERG: All right. I think,
8 how would it work? It sounds like the party that hasn't
9 yet filed is ready to get something in writing. You want
10 a couple of days to get something in writing in response
11 to what's already been filed, and then we will act on it
12 promptly, so that this -- and other things can be going on
13 while those are pending.

14 MS. KNOWLTON: That's agreeable to the
15 Company. I mean, we're also here today and we're prepared
16 to provide an oral objection to any oral petition to
17 intervene, if the Commission were to consider going that
18 route.

19 CMSR. SCOTT: Okay.

20 CMSR. HONIGBERG: I mean, I'm not
21 inclined to take up the one that's been given to me in
22 writing, and I'm not inclined to listen to an oral
23 petition right now. I'd much prefer to see what their
24 position is in writing and get your written response.

1 And, we'll act on it promptly.

2 MS. KNOWLTON: Okay. We'll, obviously,
3 proceed in that manner.

4 CMSR. SCOTT: Okay. Thank you. Other
5 business?

6 MR. SPEIDEL: Well, Staff would like to
7 mention that, in addition to the opportunity for initial
8 statements of position, it is the hope of the Staff, and
9 it is our understanding that the Company is supportive, of
10 an approach wherein we will engage in a technical session
11 and propound some discovery questions, in addition to the
12 written discovery questions the Staff has already
13 propounded regarding this Petition.

14 We do expect that we're going to require
15 intended intervenors or parties that wish to be
16 intervenors to leave the room when matters of confidential
17 import regarding the Company's proposal are discussed.
18 This is a standard practice that we engage in here at the
19 Commission to protect the confidential business
20 information interests of petitioners and other parties,
21 where appropriate. The only party that will not be
22 requested to leave, aside from the Company, would be the
23 Office of the Consumer Advocate, as they do engage in
24 confidential discussions along the same terms that Staff

1 engages in such discussions.

2 So, we would propose that, after the
3 closing of the prehearing conference, a technical session
4 be scheduled, at which general matters of discovery be
5 discussed, also scheduling of additional features of a
6 procedural schedule should be discussed, including a
7 hearing date. But we would like to give everyone notice,
8 and perhaps the Commission can indicate its initial
9 comfort, with an approach wherein, if there are
10 confidential matters being discussed, we will request that
11 potential intervenors leave the room, except for OCA, of
12 course.

13 CMSR. SCOTT: That's agreeable to us.

14 MR. SPEIDEL: Thank you, Commissioner.

15 MS. KNOWLTON: The other matter that I
16 would note is that the Company filed a Motion for
17 Protective Order and Confidential Treatment at the time of
18 the filing of the Petition, the Special Contract and the
19 Lease. That motion is pending.

20 CMSR. SCOTT: Are there any objections
21 to that motion?

22 MR. SPEIDEL: No. No objections from
23 Staff.

24 MS. CHAMBERLIN: No objections.

1 CMSR. SCOTT: Let's grant that. We'll
2 grant that. Any other business?

3 MS. CHAMBERLIN: If I may, the OCA does
4 not object to the interventions. I believe, because it's
5 on a fast track, parties who are not always involved in
6 the PUC proceedings may not have gotten the notice. It's
7 just that because it's gone very quickly. And, I support
8 Staff's proposal that they be allowed to participate, to
9 the extent that we're discussing publicly available data,
10 until the Commission rules on their intervention.

11 CMSR. SCOTT: Thank you. And, Attorney
12 Knowlton, I just wanted to, you mentioned the timing, and
13 that's in the filing, too. What is the time constraint
14 window you're trying to ideally operate under?

15 MS. KNOWLTON: The Company very much
16 would like this project to be constructed so that it may
17 come on line for the upcoming heating season this winter.
18 And, there are very long lead times for ordering some of
19 the parts, the compressors, in particular, are quite
20 expensive and has a significant lead time for ordering.
21 So, the Company is not going to be in a position to order
22 those parts until we know that the project can proceed.
23 So, that's really what is pushing the timing of this, so
24 that the project can be built and constructed and ready to

1 go for this winter, assuming the Commission were to
2 approve it.

3 CMSR. SCOTT: Okay.

4 CMSR. HONIGBERG: There were some
5 deadlines in the documents that were part of the original
6 filing.

7 MS. KNOWLTON: Correct.

8 CMSR. HONIGBERG: I seem to remember one
9 of the deadlines wasn't until November. That, if
10 something hadn't happened by November, that it triggered
11 some rights or obligations by the parties. That would
12 seem to be awfully late for something to be on line for
13 the winter heating season.

14 MS. KNOWLTON: You're correct. I
15 believe, in the Lease, there's a -- or, the Master Project
16 Agreement, there's a provision that says that the parties
17 can both walk away from the contract, you know, with no
18 obligations to the other, in the event that, you know,
19 that the approvals are not granted. Our hope is that the
20 approvals would be granted, you know, well in advance of
21 that. If the project came on line in November, you know,
22 that would be in time, you know, for the heating season,
23 which typically starts November 1st.

24 And, the purpose of that is, obviously,

1 you know, this project is intended to expand the
2 availability of CNG in New Hampshire, which we think is a
3 very positive thing. As the Commission is aware, and I
4 know the Staff and OCA are aware, because they were
5 parties to the proceeding, in the Company's winter cost of
6 gas proceeding, you know, gas rates were quite high this
7 winter. And, we think that having this project on line is
8 critical to bringing natural gas to people who are not
9 currently served by a local distribution company, like
10 EnergyNorth, you know, but that do want to put in the
11 infrastructure necessary to be able to take CNG and use
12 that to replace Number 2 heating oil or propane, which can
13 be quite expensive in comparison to CNG. So, that's
14 really what is pushing this, is the Company is trying to
15 be creative to find ways to provide others in the State of
16 New Hampshire the option to have CNG, so that they can,
17 you know, bring down their heating costs during the
18 winter. That, obviously, also requires that, you know,
19 those potential customers that would receive service, you
20 know, indirectly through this station would have to build
21 the necessary capital infrastructure at their facilities
22 to be able to, you know, receive and use the CNG.

23 So, I think, you know, there is a
24 greater public policy interest at stake here, and that is

1 really what's pushing the timing of this from the
2 Company's perspective.

3 CMSR. SCOTT: And, on that front, just
4 so the Commission understands, is there -- it envisions a
5 fueling station at the location itself for vehicles,
6 correct?

7 MS. KNOWLTON: Correct. That's really
8 secondary. The primary purpose of the project is for the
9 tankers to be able to come and fill with the CNG, and to
10 take this, haul the CNG, you know, to end-use customers,
11 who will then use that at their facility. Embedded within
12 the documents is the ability to put in a vehicle fueling
13 station, for example, like exists in Nashua. AVSG, which
14 is a sister company to Innovative Natural Gas, has a
15 fueling station and has a contract with the City of Nashua
16 that serves various fleets, including Liberty Utilities,
17 Pennichuck Utilities. But the vehicle fueling is really
18 secondary. The primary purpose is to have CNG available
19 for the tankers to come and fill up and take to remote
20 locations to customers of their own that would like to
21 receive CNG and use that for their own purposes.

22 CMSR. SCOTT: Thank you. Anything else
23 for you?

24 CMSR. HONIGBERG: I don't think so.

1 CMSR. SCOTT: Before the Commissioners
2 leave, any questions for us or anything needed to be
3 resolved?

4 MR. SPEIDEL: Well, yes, Commissioner.
5 Staff would like to make its initial statement, if
6 possible.

7 CMSR. SCOTT: Okay.

8 MR. SPEIDEL: We'd like to invite
9 Attorney Knowlton and the Company to add any remarks that
10 they would like to add. I presume that that was something
11 of an initial statement of position. Is there a more
12 formalized statement, Ms. Knowlton?

13 MS. KNOWLTON: I can make a further
14 statement. I mean, the Company, as stated in its
15 Petition, believes that the Special Contract and the Lease
16 are both in the public interest, consistent with RSA
17 378:18 and RSA 374:30. As I indicated, this is really --
18 this project is designed primarily to fill the trailers.
19 And, we do think, as I stated, that there are significant
20 public policy reasons to support this project and have it
21 up and running for the upcoming winter season.

22 We also believe that it provides a
23 unique opportunity to the Company to expand not only the
24 availability of natural gas in this state, but to also

1 create the ability to spread more of the Company's costs
2 across others of its customers. So, if we are able to
3 make Innovative Natural Gas a customer of the Company, we
4 have another customer to spread our costs across, which we
5 think benefits all of our customers. We're very
6 interested in expanding our natural gas operations in this
7 state. And, this is really the first step to beginning to
8 do that. And, our customers benefit, again, because they
9 have others to share in the cost of running the system.

10 I think, at this point, that's all I'll
11 add. Although, if Attorney Speidel raises issues I may
12 want to address, if that's helpful to the Commission, I'd
13 reserve the right to do so.

14 CMSR. SCOTT: Thank you.

15 MR. SPEIDEL: Well, I suppose, are there
16 any other parties that would like to make an initial
17 statement? The OCA and Mr. -- and so on. So, I would
18 just recommend that we go around the room.

19 CMSR. SCOTT: Go around the room, okay.

20 MR. SPEIDEL: And, I will be the last.

21 CMSR. SCOTT: Unless they don't want to,
22 I'll start with the OCA.

23 MS. CHAMBERLIN: Thanks. There are no
24 direct benefits to residential customers from this project

1 that I can find in the filing. So, we will be looking to
2 shield residential customers from the risk, as well as
3 looking for direct access to natural gas supplies for
4 residential customers. There's certainly a demand for it.
5 We understand the difficulty of expanding pipeline, and
6 this certainly appears to be a good option. And, we're
7 interested in exploring it with the Company.

8 CMSR. SCOTT: Thank you. Anybody else
9 like to speak?

10 MR. SEGALOFF: Sure. Again, Phil
11 Segaloff, Associate General Counsel for Global. We
12 actually couldn't agree more with Liberty that CNG is very
13 important to the state, which is exactly why we're looking
14 to intervene. And, apologize to the Commission and the
15 parties that it's late.

16 What we're concerned about is
17 competition. And, we're concerned that this project will
18 stifle competition significantly within the state for CNG.
19 So, while initially this project will be able to help
20 maybe a couple or a few commercial customers, in the long
21 run, we're worried that other competitors, who would look
22 to service New Hampshire statewide, could be drastically
23 and dramatically affected by the -- both the length of
24 time of the contract, as well as the pricing mechanisms

1 that are within the contract, specifically, the capacity
2 and the sale of the capacity to iNATGAS at cost. As
3 opposed to what we believe would be significantly higher,
4 if such an option were made public in an RFP setting or
5 something to that extent, where other competitors to
6 iNATGAS, such as Global, who currently does have a
7 facility up in Bangor, Maine, and services customers
8 similar to what Liberty is proposing as its primary
9 purpose, could then come and bid and potentially benefit
10 the residents of the state with much higher return on
11 their investment.

12 The other concern ancillary to that is
13 that the taxpayers are fronting the bill on the
14 compressor. And, so, from that perspective, as already
15 noted, the residents are at risk, as far as their
16 investment. Now, Liberty does state in their pleadings,
17 in their filings, that customers -- that the residents
18 will be repaid within four or five years. However, we
19 believe, if this was open to a more public and transparent
20 process, the residents of the state and the ratepayers,
21 residential ratepayers, could benefit much more
22 significantly at a much higher rate, particularly in
23 capacity, which is crucial for this business, were sold on
24 a transparent RFP process.

1 So, we're very concerned. We believe
2 that, for a company like Global, we're uniquely situated
3 to be able to provide a lot of information for the
4 Commission to consider. As of right now, there's no other
5 CNG company that is providing -- providing input formally
6 in this process. We also bring experience in the
7 industry, having already have our own facility up in
8 Bangor, Maine, and currently serving customers.

9 And, we're more -- we're very concerned,
10 and the timing of this is very disconcerting to us,
11 because we do believe, as I stated, that we could be
12 harmed, along with several of our other competitors within
13 this state, because, you know, because of the economic
14 potentials, the lack of competition, and then, therefore,
15 competitive pricing is not -- is not being observed, and
16 would put the rest of us on an unfair playing ground.

17 And, finally, where we believe that we
18 would add legitimacy, more legitimacy to the process,
19 because if it's shown that other members of the industry
20 participated, and then the Commission made its ruling,
21 then, therefore, it's a well-rounded group of people that
22 have represented in the decision-making process. And, I
23 think that benefits Liberty, I think it benefits everybody
24 within the state to have it very transparent and all of

1 the matters considered. So, thank you.

2 CMSR. SCOTT: Thank you. The gentleman
3 from Clean Energy.

4 MR. DRUMMOND: Yes. Thank you. Our
5 primary concern here is that Liberty will be using the
6 ratepayer money, as just suggested by the Global folks
7 here. Clean Energy is currently in the process of
8 building a very similar facility to what Liberty is
9 proposing, about a mile south on the same interconnect,
10 for trailer fueling and vehicle fueling. That site has
11 been paid for or will be paid for when completed all by
12 private money, without any asked for increase to the
13 ratepayers. So, that is our primary concern.

14 We are all for the expansion of
15 compressed natural gas here in New Hampshire, the
16 Northeast, and throughout the country. Both from a
17 compressed natural gas standpoint for vehicles, as well as
18 transporting it to large and industrial users.

19 The point here is that there are
20 companies out there that are doing it with their own
21 private funds, without asking an increase to the
22 ratepayers. So, that is our primary concern and the
23 reason for being here today.

24 CMSR. HONIGBERG: And, so, you'll file

1 something in writing tomorrow?

2 MR. DRUMMOND: Yes. We will get that to
3 your office ASAP.

4 CMSR. HONIGBERG: Okay.

5 CMSR. SCOTT: Thank you.

6 MR. DRUMMOND: Thank you very much.

7 CMSR. SCOTT: Staff?

8 MR. SPEIDEL: Any other comments? No.

9 All right. Well, thank you, Commissioners.

10 MR. ALIZADEH: I would also like to --

11 MR. SPEIDEL: Oh. Sorry. All right.

12 Go ahead.

13 CMSR. SCOTT: Please.

14 MR. ALIZADEH: Yes. Good afternoon
15 again. I'm Babak Alizadeh from Innovative Natural Gas.
16 We're here, obviously, to support the Liberty's
17 application and motion and request for expedited approval
18 of that motion, due to what Ms. Knowlton just mentioned a
19 while ago about the timing of the project to -- because we
20 have a major construction to take place before the station
21 can come into fruition and go on line.

22 INATGAS is a new entity. We were formed
23 last July as a LLC in Massachusetts. We have sought three
24 locations to have a station similar to the one Broken

1 Bridge built. We already have approval to build a station
2 that is very similar to this one in Worcester. This is
3 our second site. And, we will soon have another location
4 in western Mass. All are designed to fill trailers. The
5 thing -- the one thing that separates us and distinguishes
6 us from our friends in this industry, which is a very
7 small industry and very growing, is that we are not in the
8 hauling business. We are strictly building the station to
9 fill trailers. And, we have already engaged in discussion
10 with all three entities, the two major entities, one being
11 NGA and XNG that are currently operating in the state, and
12 we've also contacted Global as future -- as future
13 customers of ours and as potential customers, to buy
14 capacity, both at our location here in Concord, as well as
15 the one in Worcester.

16 So, the one thing that separates us from
17 them again is that we, by opening up a compressed natural
18 gas filling station for trailers, with what we have done
19 not only that this is not anti-competitive, but we are,
20 with this business model, we are confident that we will
21 extinguish any policy -- any possibility of an oligopoly
22 market that could arise. Because there are several,
23 several customers throughout New England and upstate New
24 York, and very, very little suppliers, which are only

1 three at this point, with very protective fill stations
2 that are not necessarily open to each other.

3 So, iNATGAS's facilities, both here and
4 Broken Bridge, as well as in Worcester, are public --
5 well, they're not public access, but they are open to all
6 hauling customers that would be engaged in, let's say, a
7 business transaction with us, as long as they pass and
8 their equipment pass our safety standard, as for i.e.,
9 they have approval from the state's Fire Marshal Office,
10 they are welcome to come to our station and fill up.

11 And, as I said, we have extended
12 courtesy calls to them. We have met with two of the three
13 entities. And, we are entertaining the possibility of
14 meeting with the third entity, you know, when the time
15 comes.

16 CMSR. SCOTT: Okay. Thank you.

17 MR. SPEIDEL: Everyone all set?

18 (No verbal response)

19 MR. SPEIDEL: Okay. Thank you very
20 much, Commissioners. Staff recognizes the potential
21 benefits of the proposed project, but those benefits do
22 not come without risk. The Special Contract obligates the
23 utility, Liberty, to make a significant investment and
24 offer a new service, the provision of compressed gas for

1 resale by a customer, raising operational and safety
2 concerns, along with the more typical financial concerns.

3 Regarding competitive concerns, Staff's
4 initial position is that the proposed Lease and Special
5 Contract is not anti-competitive. Any CNG provider may
6 request service from a regulated utility, either under
7 tariff provisions or through a special contract subject to
8 regulatory approval by the Commission. The regulated
9 utility will then consider such requests on a case-by-case
10 basis, and act hopefully in the best interest of its
11 shareholders and ratepayers. CNG providers will seek out
12 the most economic supply options available and act
13 accordingly. Contracting with the regulated utility is
14 one of those options.

15 So, this is an area that we will be
16 exploring, under the rubric of "trust, but verify". But,
17 as an initial matter, we do not believe that this proposal
18 presents competitive concerns.

19 Staff will do its best to expedite its
20 review, has been issuing rolling data requests, and will
21 be holding a technical session following this hearing. We
22 are appreciative of iNATGAS's participation in this
23 hearing and in the tech session to follow. Depending on
24 the responsiveness of the parties, Staff may be able to

1 file its recommendation in May, if critical in achieving a
2 realistic deadline.

3 Staff proposes filing a proposed
4 procedural schedule following this afternoon's technical
5 session, which could be an abbreviated schedule, with
6 dates for a tech session, Staff recommendation, and a
7 hearing. Thank you very much.

8 CMSR. SCOTT: Thank you. Do you have
9 any questions?

10 CMSR. HONIGBERG: Nothing else.

11 CMSR. SCOTT: Okay. Thank you. Any
12 other issues for us to address?

13 (No verbal response)

14 CMSR. SCOTT: So, to recap, what I think
15 I heard is Clean Energy will submit by the end of the day
16 tomorrow your motion to intervene?

17 MR. DRUMMOND: Correct.

18 CMSR. SCOTT: Correct. We already have
19 the Global motion. We'll wait for Liberty's response to
20 that, and we'll rule based on that, on the written
21 documents for the motions to intervene. Again, there will
22 be a tech session immediately following our departure.
23 And, the potential exists that non -- people who have not
24 been granted intervenor status will be asked to step out

1 of the room for certain portions. Have I missed anything?

2 MR. SPEIDEL: Well, just to make it
3 clear. Even if, in theory, they had intervenor status, we
4 would ask for them to leave, if they haven't engaged in a
5 nondisclosure agreement with the Company. And, we do seem
6 to have one party that hasn't formally filed for
7 intervenor status. Would your company seek to do so or --

8 MS. PFENNING: Not at this time.

9 MR. SPEIDEL: Not at this time. Well,
10 in that instance, if I could just have one second.

11 (Atty. Speidel conferring with Mr.
12 Frink.)

13 MR. SPEIDEL: All set. Thank you very
14 much.

15 CMSR. SCOTT: Okay. All right. Thank
16 you.

17 CMSR. HONIGBERG: Thank you, all.

18 **(Whereupon the prehearing conference was**
19 **adjourned at 2:06 p.m., and a technical**
20 **session was convened thereafter.)**

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