

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

LIBERTY UTILITIES (ENERGYNORTH
NATURAL GAS) CORP. d/b/a)
LIBERTY UTILITIES

DOCKET NO. _____

PETITION OF LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES FOR APPROVAL OF A GAS FRANCHISE IN
HANOVER AND LEBANON, NEW HAMPSHIRE

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (“EnergyNorth” or “the Company”), by and through its attorneys, Orr & Reno, P.A., respectfully petitions the New Hampshire Public Utilities Commission (“the Commission”) to exercise its authority under RSA 374:22 and 26 to grant permission to EnergyNorth to commence business as a public utility to serve gas customers under a franchise that would encompass the Town of Hanover and City of Lebanon, New Hampshire. In support of this Petition, EnergyNorth states the following:

1. EnergyNorth is New Hampshire’s largest regulated natural gas distribution utility. It provides natural gas on a retail basis to approximately 90,000 natural gas customers in 30 municipalities across New Hampshire, including franchise rights for the City of Berlin in Coos County. The Company also owns and operates the self-contained propane-air distribution system that serves approximately 1,250 customers in Keene, New Hampshire through 30 miles of underground pipeline. EnergyNorth’s affiliate, Liberty

Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (“Granite State Electric”), provides electric distribution service to roughly 44,000 New Hampshire customers in existing franchise areas that extend through 21 municipalities across New Hampshire, including Hanover and Lebanon.

2. In this Petition, EnergyNorth is seeking the Commission’s approval to commence business in Hanover and Lebanon as a gas utility so that it may construct, own and operate an “off pipeline” and self-contained natural gas distribution system. Although EnergyNorth’s sister company, Granite State Electric, is the franchised electric distribution company in Hanover and Lebanon, these municipalities do not currently have access to a gas distribution system. EnergyNorth is prepared to provide such service to customers in the area.

3. EnergyNorth has committed substantial resources to expanding its gas franchise area to customers in areas such as Hanover and Lebanon, as well as to other customers throughout the state, in order to make natural gas more available to New Hampshire’s residents and businesses. EnergyNorth began speaking publicly about its long-term strategy almost two years ago and has learned that customer demand in the Hanover/Lebanon area for a cleaner, cheaper and more convenient fuel is growing. As a result, the Company has taken critical steps towards complementing its existing electric service in the Hanover/Lebanon area with gas service, including discussions with some very large anchor customers and submission of a concrete proposal to supply gas to a large customer in Hanover.

4. Over the last 25 years, EnergyNorth has expanded its franchise areas in the state, with the Commission’s approval, as such expansion became necessary to meet

customer demand, and as otherwise appropriate and economically feasible. *See Re EnergyNorth Natural Gas, Inc.*, 85 NH PUC 71 (2000) (Town of Auburn); *Re EnergyNorth Natural Gas, Inc.*, 84 NH PUC 485 (1999) (City of Berlin); *Re EnergyNorth Natural Gas, Inc.*, 75 NH PUC 176 (1990) (Town of Derry). *See also Order Approving Settlement Agreement*, Order No. 25,736, DG 14-155, Joint Petition to Approve Sale of New Hampshire Gas Corporation (November 21, 2014) (City of Keene).

5. EnergyNorth wishes to take final steps towards expanding gas service into the Hanover/Lebanon area by obtaining Commission approval of a franchise to do so. RSA 374:22, I provides:

No person or business entity, including any person or business entity that qualifies as an excepted local exchange carrier, shall commence business as a public utility within this state, or shall engage in such business, or begin the construction of a plant, line, main, or other apparatus or appliance to be used therein, in any town in which it shall not already be engaged in such business, or shall exercise any right or privilege under any franchise not theretofore actually exercised in such town, without first having obtained the permission and approval of the commission.

In addition, RSA 374:26 provides:

The commission shall grant such permission whenever it shall, after due hearing, find that such engaging in business, construction or exercise of right, privilege or franchise would be for the public good, and not otherwise; and may prescribe such terms and conditions for the exercise of the privilege granted under such permission as it shall consider for the public interest. Such permission may be granted without hearing when all interested parties are in agreement.

6. It has been the longstanding policy of this Commission that “the granting of public utility status must be based upon a finding that the applicant is fit and able to carry out the function which it proposes.” *Re International Generation and Transmission Company, Inc.*, 67 NH PUC 478, 482 (1982). As the Commission noted in this order:

Decision upon decision in utility case law emphasizes the standard of fitness in fulfilling the public interest using such criteria as: (1) financial backing; (2) management and administrative expertise; (3) technical resources; and (4) the general fitness of an applicant. Simply stated, the company must be able to construct, operate and maintain its plant as well as to run its business. 67 NH PUC at 484.

See also Re West Swanzey Water Company, Inc., 88 NH PUC 77, 80 (2003) (“The public good standard requires the petitioning utility to demonstrate, *inter alia*, the legal, technical, managerial and financial expertise to operate a public water utility.”); *Re Florida Power and Light Company*, 89 NH PUC 267, 271 (2004) (“We evaluate the technical, managerial and financial expertise in determining whether to grant a company authority to operate as a public utility.”).

7. EnergyNorth meets all applicable criteria for Commission approval, as demonstrated by the prefiled testimony of Daniel G. Saad, William J. Clark, Francisco C. DaFonte, Richard G. MacDonald and Steven E. Mullen, attached to this Petition. Mr. Saad, the President of EnergyNorth, provides an overview of the Company, the plan to extend EnergyNorth’s gas franchise to include Hanover and Lebanon, and the Company’s managerial, financial and legal expertise. Mr. Clark, the Business Development Professional for EnergyNorth, provides more detail regarding the Company’s business plan to construct, own and operate an “off pipeline” natural gas facility and distribution system in Hanover and Lebanon, New Hampshire and the Company’s technical expertise, including experience owning and operating a self-contained system in Keene and experience operating Liquefied Natural Gas (“LNG”) facilities in the EnergyNorth system. His testimony also shows how EnergyNorth’s plan for Hanover and Lebanon is consistent with the state energy strategy developed pursuant to RSA 4-E. Mr. DaFonte, the Vice President, Energy Procurement for EnergyNorth, provides testimony regarding the Company’s experience and

expertise with natural gas resource planning and the benefits associated with providing LNG and Compressed Natural Gas (“CNG”) to Hanover and Lebanon. Mr. MacDonald, the Director of Gas Operations for EnergyNorth, discusses the Company’s plans for constructing and operating the gas facility and distribution system in Hanover and Lebanon. Finally, Mr. Mullen, Manager, Rates and Regulatory, discusses the Company’s plans for establishing rates and charges for customers in Hanover and Lebanon.

8. The public good would be advanced by Commission approval of this Petition. As set forth in the prefiled testimony, EnergyNorth proposes to finance, construct, install, manage and operate its own facilities and infrastructure to supply gas to Hanover/Lebanon customers. Operations would be retained in-house so that all Company experience in owning and operating a regulated gas utility would be applied. The Company has a history of demonstrated capabilities with regard to financial, managerial, administrative, technical, operational and legal support. The Company has demonstrated its ability to finance, own, operate and manage, as a public utility, both electrical and gas service to customers throughout the state and, here, the existing electrical service franchise in Hanover/Lebanon would allow the Company to build upon existing infrastructure, like the Operations Facility and Customer Care Center in Lebanon. Meter reading and billing processes would be extended from electric service to gas service. Competitive bidding processes for fuel procurement would also be utilized. Thus, the Company’s proposed franchise area and ratemaking plan would take advantage of economies of scale and fuel procurement-related competitive bidding processes from existing operations, all to the benefit of customers within the franchise area.

9. EnergyNorth has had decades of experience in successfully serving gas

customers in this state with competitively priced fuel. Its portfolio includes natural gas, LNG and propane facilities. The Company owns and operates facilities that interconnect with Tennessee Gas Pipeline on the Concord Lateral, as well as a single interconnect on the Portland Natural Gas Transmission System pipeline to serve the Berlin franchise. EnergyNorth owns and operates three liquefied natural gas (“LNG”) facilities (located in Manchester, Concord and Tilton) and three propane facilities (located in Nashua, Manchester and Tilton) that are connected directly to the distribution system and utilized for both supply and pressure enhancement. There is a fourth “satellite” propane facility in Amherst used solely for storage. EnergyNorth’s Keene Division owns and operates an air propane facility with distribution in the Keene area.

10. The two key components within the Company’s proposed “off pipeline” gas distribution system draw upon the particular expertise and experience that the Company has gained through related operations in this state. The first component is the underground gas distribution piping along with service risers and meters located at the customer’s premises. This component of the system is identical to the existing EnergyNorth network that has been operated in many municipalities throughout New Hampshire safely, reliably and efficiently by Company employees for decades. The second component of the “off pipeline” distribution system, unique to this kind of system, is the fueling facility that will be utilized to supply the distribution system with natural gas. EnergyNorth has extensive experience in operating such facilities, as set forth in the prefiled testimony.

11. As set forth in the prefiled Testimony of Messrs. Clark and MacDonald, if granted the gas franchise for this area, the Company plans to construct an LNG storage and vaporization facility along with a CNG decompression facility in Lebanon to supply the

natural gas to the distribution system. EnergyNorth would install gas mains from the LNG/CNG facilities to the prospective initial anchor customers, Dartmouth College, Dartmouth-Hitchcock Medical Center, Hypertherm and Kleen. The facilities would be installed and maintained under EnergyNorth's existing maintenance and construction standards, in conformance with industry codes and all applicable regulatory standards and permits. LNG would be trucked to the facility and off-loaded into LNG storage tanks. From the tanks, the liquid would be vaporized into gaseous form, odorized and injected into the distribution system. This is the same procedure that has been working reliably and safely at EnergyNorth's current LNG plants for approximately 40 years. As noted above, EnergyNorth currently operates three LNG facilities that have been operating successfully for decades. As further described in Mr. Saad's prefiled testimony, EnergyNorth has personnel on staff that are highly trained and experienced in the operation of LNG and their expertise will be utilized in the Hanover/Lebanon franchise.

12. CNG would also be trucked to the facility and attached to decompression skids, which will decompress the gas (from approximately 3600 PSI to the working LDC pressure of 60 PSI) and inject it into the system. While this CNG process is relatively new, it has been working reliably and safely in New Hampshire for the past few years. By using both LNG and CNG, the Company will be able to diversify fuels, provide the most reliable and cost-effective service to customers, better manage trucking logistics for reliability and price, and expand its list of suppliers. The Company will also provide vehicle refueling and remote customer service to customers who are not yet connected to distribution lines.

13. A conventional natural gas local distribution network has an interconnection with an interstate pipeline company. At this interconnection, an LDC would receive

shipments of natural gas from its supplier, regulate pressure down to LDC operating pressure (typically 60 PSI), add mercaptan, which is a gas odorant, and distribute the gas to customers. Because there are no interstate natural gas pipelines within 50 miles of Hanover and Lebanon with which to interconnect, however, providing gas service to the Hanover/Lebanon area requires the Company to construct an LNG storage and vaporization facility along with a CNG decompression facility, with truck transport of both LNG and CNG to the facility. The Company employs professionals and contractors with background in both LNG and CNG facilities and operations and has already pre-certified contractors for necessary design and construction services.

14. As further explained in the Prefiled Testimony of Steven Mullen, the Company proposes to utilize existing rates, charges and terms of service in EnergyNorth's current tariff for customers in Hanover and Lebanon. The Cost of Gas ("COG") rate applicable to these customers will be separately calculated and a separate provision added to EnergyNorth's tariff. The gas supply costs would be distinct from those included in the COG rate charged to other EnergyNorth customers and it would include the commodity costs of acquiring the LNG and CNG to supply the system. The COG rate would be adjusted twice a year, with winter and summer rate periods, like EnergyNorth's existing COG rate. The Company would procure both LNG and CNG for customers in Hanover and Lebanon through a competitive bidding process rather than a sole source contract. This would allow the Company to take into consideration both price and non-price factors like reliability, flexibility and viability, ensuring a reliable supply of gas at the lowest rates for customers. Customers would also be eligible to participate in the Company's energy efficiency programs to reduce demand and further reduce energy costs.

15. The Company's plan, as set forth in this Petition and the attached Prefiled Testimony, is consistent with the state's energy and environmental goals, and could foster economic development by improving access to gas in an area that would otherwise not have such access. The Company's proven capabilities in successfully owning and operating New Hampshire's largest gas utility over the years demonstrates that EnergyNorth has the requisite financial, managerial, technical and legal capability, as well as overall fitness and experience, to be a public utility for the purpose of providing gas to customers in Hanover and Lebanon. Given EnergyNorth's track record of providing safe and reliable service to customers, as well as the specifics of the plan for operation of a franchise in Hanover and Lebanon, granting approval for EnergyNorth to commence business as a gas public utility, as specified in this Petition, would be for the public good.

Wherefore, EnergyNorth respectfully requests that the New Hampshire Public Utilities Commission:

A) Find that it would be for the public good to grant gas franchise rights to EnergyNorth for Hanover and Lebanon; and

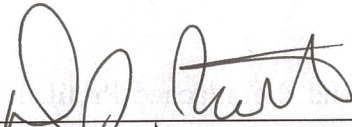
B) Grant such other relief as may be just and equitable.

Respectfully submitted,

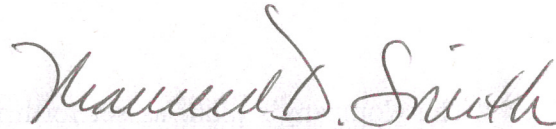
Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities

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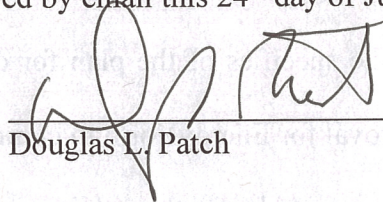
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Dated: July 24, 2015

Certificate of Service

A copy of this Petition has been served by email this 24th day of July on the Office of Consumer Advocate.

Dated: July 24, 2015



Douglas L. Patch

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