



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

Docket No. DG 15-XXX

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

DIRECT TESTIMONY

OF

STEVEN E. MULLEN

October 9, 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 Jaffrey, Rindge, Swanzey and Winchester, New Hampshire,
6 (collectively, "the Southwestern Towns") following Commission approval of the
7 franchise expansion request and construction of the gas 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 the Southwestern Towns 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 the size of the tariff, the fact that it has already been approved for service to
18 EnergyNorth customers, and that the Company is requesting that the same terms and
19 conditions of service for existing customers apply to any new customers in the

1 Southwestern Towns, the Company has requested a waiver of the filing requirement
2 found in Puc 1603.02(a).

3 **Q. Would the Cost of Gas (COG) rates charged to customers in the Southwestern**
4 **Towns be the same as the COG rates charged to EnergyNorth customers?**

5 A. Yes. Southwestern Towns' customers would be supplied with gas from Tennessee Gas
6 Pipeline's proposed Northeast Energy Direct Pipeline ("NED Pipeline"), and thus, they
7 will be provided supply via pipeline gas, the same as with other non-Keene EnergyNorth
8 customers.

9 **Q. Would it be appropriate to charge the same delivery rates to the Southwestern**
10 **Towns' customers as customers in other areas of EnergyNorth's service territory?**

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

1 Southwestern Towns' distribution system would be included in EnergyNorth's total
2 distribution plant and operation and maintenance costs.

3 **Q. Mr. Clark discussed the need for new interconnections to the NED Pipeline to be**
4 **constructed in Winchester and Rindge. How would the cost of the new**
5 **interconnections be treated with regard to rates?**

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

11 **Q. Would the same customer rate classifications as found in EnergyNorth's existing**
12 **(non-Keene) tariff apply to customers in the Southwestern Towns?**

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

16 **Q. Would the Local Distribution Adjustment Clause (LDAC) apply to all customers in**
17 **the Southwestern Towns service territory?**

18 A. Yes. Consistent with the terms of the tariff, the LDAC (which includes charges for
19 demand-side management lost revenues and program costs, energy efficiency programs,

1 certain environmental remediation costs for the clean-up of former manufactured gas
2 sites in New Hampshire, and lost revenues and program costs associated with the
3 Residential Low Income Assistance Program) is applicable to all therms sold or
4 transported by the Company and is used to recover costs of general applicability to all
5 customer classes. As Southwestern Towns' customers would be EnergyNorth customers,
6 it would be appropriate that they be charged the LDAC rate. This would also provide the
7 new EnergyNorth customers in this new service territory access to the Company's award
8 winning CORE energy efficiency programs. While these customers may have been
9 eligible for energy efficiency services from their electric utility, conversion to natural gas
10 would provide customers with the opportunity to replace potentially old and less fuel
11 efficient boilers with new, high efficiency boilers for which they may be eligible for
12 rebates through the Company's energy efficiency programs.

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

15 A. Yes. Consistent with Section 5(C) of EnergyNorth's tariff and RSA 378:18, there may be
16 circumstances, such as a large dual-fuel customer, where a customer may be served
17 pursuant to a special contract that involves such terms as longer service periods, revenue
18 guarantees through minimum take-or-pay amounts or other terms to ensure recovery of
19 the Company's investment in the system and facilities necessary to serve a particular
20 customer's needs. Any such situations would be evaluated on a case-by-case basis.

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

2 **A. Yes, it does.**