

THE STATE OF NEW HAMPSHIRE

BEFORE THE

PUBLIC UTILITIES COMMISSION

Docket No. IR 15-517

**LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP. d/b/a LIBERTY
UTILITIES – KEENE DIVISION**

Investigation into December 19, 2015 Operational Incident

Response to the Safety Division’s Investigation Report

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (Liberty), respectfully submits the following response to the Safety Division’s Investigation Report of the December 19, 2015, Operational Event in Keene (the Staff Report).

Liberty finds the Staff Report to be a fair description of the events of December 19, of Liberty’s response, and of the cause of the event. The Staff Report also accurately described Liberty’s planned and completed remedial steps as of the date of the report. Since then, Liberty can report that it is in the process of transitioning to an atmospheric only air supply for the summer period, and is actively pursuing a compressed or liquefied natural gas alternative for the high pressure system for the 2016-2017 heating season. Further comment is not necessary on these topics.

In response to the instances where the Staff Report said that some Puc 500 rules and federal regulations “did not appear to be fully met at the time of the incident.” Staff Report at 10-11. It is important to note that the Staff Report does not allege that any of these issues played any role in causing or exacerbating the December 19 event.

Puc 504.01(a) requires “[e]ach utility [to] establish its own standard heating value for the gas it furnishes the public. At no time shall the daily average heating value be less than the established standard.” Puc 504.01(d) states that, “Each utility shall provide a definition in its tariff of the methodology used to determine the thermal heating value.” The heating value for the propane that Liberty provides its customers in Keene is 740 British thermal units (Btus). The Staff Report said this rule was “unmet” because there were a number of days in December when the average fell below that level, ranging between 737.5 and 743 Btus, and that no such methodology is in the tariff for the Company’s Keene division. As for the Btu levels, Liberty maintained monthly averages of 740 Btus, and these modest variations do not affect the performance of the appliances on the Keene system, but Liberty will make every effort to maintain a daily average of at least 740 Btus going forward. As for the tariff language, the methodology does appear in Liberty’s Gas Plant Operations and Maintenance Manual, at §11.3, but it is not in the tariff. Liberty will include such a description in the next proceeding where the Company seeks revisions to its tariff. The Staff Report did not claim these issues contributed to the December 19 event.

Puc 504.05(c) says that “telephone notification shall be made promptly, but no more than one hour following confirmed discovery by the utility of the event or any incident defined in Puc 504.06.” The Staff Report correctly stated that Liberty notified the PUC one hour and 29 minutes after the first Liberty employee arrived at the plant in response to the alarms. Liberty has reviewed its Keene emergency response and notification procedures with Keene and Manchester operations, dispatch and control and media communications personnel. Such procedure have been further refined and documented to ensure timely notification.

Puc 504.07(b) requires utilities, “on a monthly basis [to] report the number of gas odors responded to, leaks and other unplanned releases of gas responded to, and any other emergency responses.” The Staff Report notes that Liberty’s January 15, 2016, monthly report for December 2015 did not mention the December 19 event. That is true, but the Commission was well aware of the events of December 19 from the outset. The Safety Division was present on that day, toured the plant on Monday December 21, received answers to data requests in January and received the Company’s thorough investigative report in mid-February (which is attached to the Staff Report). Liberty concedes the failure to include reference to the December 19 incident in its routine January filing, but the spirit of that filing requirement was satisfied through the many communications between Staff and the Company throughout the winter.

Puc 506.02(u) requires “operator qualification plans” (OQ plans) to include cross-references between descriptions of certain tasks and the necessary activities related to those tasks in the case of emergencies. Liberty’s plans properly described the tasks and the emergency procedures, but did not adequately cross-reference those sections. Liberty has merged the Keene OQ plan into the EnergyNorth OQ Plan, which the Company expects to have reviewed, approved, and in effect by June 1, 2016.

Federal regulation 42 CFR §192.605(a) requires “a manual of written procedures for conducting operations and maintenance activities and for emergency response,” and requires annual reviews. The Staff Report found that Liberty’s plan included outdated contact information and references to the prior owners of the Keene Division (Liberty bought the system in early 2015). Liberty is in the process of revising the Keene Emergency Plan, which will remain stand-alone document applicable to the Keene Division. The Company anticipates completing the update of this document by June 1, 2016.

Section 192.605(e) requires Liberty’s emergency procedure manual to include certain specific topics, including a procedure “for continuing surveillance of its facilities to determine and take appropriate action concerning changes in class location, failures, leakage history, corrosion, substantial changes in cathodic protection requirements, and other unusual operating and maintenance conditions.” The Staff Report faulted Liberty’s manual for having language “that does not correlate well with” the December 19 event and for the surveillance language not being sufficiently comprehensive. Liberty will review how best to incorporate the Keene system into Liberty’s Operation and Maintenance (O&M) Manual, which is an intensive process that will take a number of months. The Staff Report does not allege this omission in Liberty’s manual contributed to the December 19 event.

Section 192.615(a) requires “written procedures to minimize the hazard resulting from a gas pipeline emergency,” then lists 11 required procedures that must be in that manual. The Staff Report found that Liberty’s manual had 10 of the 11 procedures, lacking a procedure on the “actions to be taken by a controller during an emergency.” The Control Room Manual was revised on April 1, 2016 and now has the required language. The Staff Report did not find this to contribute to the December 19 event and did not criticize the conduct of Liberty’s control room during the event.

Finally, 49 CFR §192.631(a)(2) requires an integrated control room management plan. The Staff Report noted that Liberty had not integrated references to the Keene system into the existing control room plan that governed operations in Liberty’s Londonderry control center. Liberty respectfully disagrees with the Staff Report on this point. The July, 1, 2015 Control Room Plan does include Keene within its scope.

Liberty also wishes to respond to two comments in the Staff Report related to planned remedial actions that will reduce the risk of a recurrence of the December 19 event, as described in Liberty's investigation report (which is attached to the Staff Report at Appendix 2). First, Liberty intends to "increase the size of the pressure relief valve downstream of the regulators feeding the low pressure system." The Staff Report stated that this fix is not "an issue for the plant" because "overpressure protection is provided by" another device. Liberty submits that the Staff Report's conclusion may not apply to a stuck-open pressure regulator scenario. There may still be a need for additional overpressure protection for the low pressure system. Liberty is considering mitigation plans and will develop design options and a final recommendation that complements the other operating options planned for the Keene system.

Second, Liberty's report recommends that it "model the Keene system and determine the feasibility of supplying the high pressure system via atmospheric air only, and thus eliminating the need to use the blowers that shut down on December 19. The Staff Report agreed with the recommendation, but expressed "surprise [that] this has not already occurred." Liberty notes that it has completed the modelling and expects to test the response of the system to delivery pressures typical of an atmospheric air supplied system.

Respectfully submitted,
LIBERTY UTILITIES (ENERGYNORTH
NATURAL GAS) CORP. D/B/A LIBERTY
UTILITIES

By its Attorney,



Date: April 29, 2016

By: _____

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Certificate of Service

I hereby certify that on April 29, 2016, a copy of this Response has been forwarded to the service list in this docket via electronic mail.



Michael J. Sheehan