

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DE 16-241

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a EVERSOURCE ENERGY

**Petition for Approval of Gas Capacity Contract with
Algonquin Gas Transmission, LLC, Gas Capacity Program Details, and
Distribution Rate Tariff for Cost Recovery**

PETITION TO INTERVENE

NOW COMES Tennessee Gas Pipeline, LLC (hereinafter “Tennessee”), and, pursuant to RSA 541-A:32 and N.H. Admin. R. Puc 203.17, respectfully petitions the New Hampshire Public Utilities Commission (“Commission”) for intervention as a full party in the above-captioned proceeding. In support of this petition, Tennessee states as follows:

1. Tennessee is an interstate natural gas transmission company primarily engaged in the transportation and storage of natural gas through a pipeline system of approximately 11,900 miles extending through Texas, Louisiana, Arkansas, Mississippi, Alabama, Tennessee, Kentucky, West Virginia, Ohio, New Jersey, Pennsylvania, New York, Rhode Island, Connecticut, Massachusetts and New Hampshire. Tennessee has been safely operating a natural gas transmission pipeline in New Hampshire for over 50 years.

2. Tennessee is the developer of the Northeast Energy Direct (“NED”) Project that would expand the interstate natural gas transmission facilities of Tennessee by adding new pipeline facilities on a route that passes through southern New Hampshire. The NED Project is designed to be an essential part of the solution necessary to resolve the high and volatile electric prices in New Hampshire and New England. The NED Project will bring significant additional

amounts of low-cost natural gas supplies to New England's gas-fired electric generators, including New Hampshire's Granite Ridge Energy facility in Londonderry. NED will provide a new pipeline path into New England from the prolific Marcellus gas production region of northeast Pennsylvania to delivery points throughout New England. The project will provide greater reliability and diversity to New England's gas supplies which will be distributed throughout New England using Tennessee's existing facilities and interconnections with the facilities of Algonquin Gas Transmission, LLC ("Algonquin"), Maritimes & Northeast Pipeline, L.L.C., Portland Natural Gas Transmission System and Iroquois Gas Transmission System, L.P. Tennessee's existing facilities directly serve a significant amount of gas-fired electric generation in New England and also supply gas to other New England gas-fired electric generation that is connected to downstream pipelines, including Algonquin.

3. In addition to providing a solution to New England's high and volatile electric prices, NED will transport additional, lower cost natural gas supplies to Liberty Utilities (Energy North Natural Gas) Corp. d/b/a Liberty Utilities ("Liberty") for use by Liberty's local distribution system customers in New Hampshire. Liberty is a party to a "Market Path" Precedent Agreement with Tennessee for pipeline capacity on the NED Project which would deliver up to 115,000 Dth/day from Wright, New York to Liberty's distribution system in New Hampshire. The Market Path Precedent Agreement was approved by the Commission in Order No. 25,822 (Oct. 2, 2015) in Docket No. DG 14-380. Tennessee is also a party to a "Supply Path" Precedent Agreement with Liberty for up to 78,000 Dth/day of capacity on Tennessee's proposed pipeline from Susquehanna County, Pennsylvania to Wright, New York. The Commission is currently reviewing this Supply Path Precedent Agreement in Docket No. DG 15-494.

4. Tennessee actively participated in Docket No. IR 15-124, an investigation into potential approaches involving New Hampshire's electric distribution companies ("EDCs") to address cost and price volatility issues affecting wholesale electricity markets in New Hampshire. In its September 15, 2015 Report in Docket No. IR 15-124 ("Staff Report") Commission Staff concluded that the proposed NED Project and the Access Northeast Project were both cost effective projects that would enhance electric grid reliability by providing gas generators with access to firm gas supplies. Staff Report at 4. Staff further noted, however, based on estimates of energy cost savings and pipeline costs that the benefit to cost ratio for the NED Project would range between 5.25 and 7.0, which was significantly better than the benefit to cost ratio of the Access Northeast Project of between 1.3 and 2.0. Staff Report at 5 and 6. The Staff Report also estimated that the distribution surcharge on all New Hampshire electric customers would be approximately 3.3 mills per kWh for the NED Project as compared with 4.8 mills for the Access Northeast Project. *Id.* In addition, the Staff Report observed that "the procurement of pipeline capacity 'is a fundamentally public decision' that should not be delegated to EDCs and certainly not EDCs that have corporate relationships with project sponsors, and thus are likely to be burdened with conflicting interests." Report at 46.

5. The Commission concluded Docket No. IR 15-124 by issuing Order No. 25,860 (Jan. 19, 2016) ("Order") which, *inter alia*, accepted the Staff Report and directed that future petitions for gas capacity acquisition programs be governed by the policy approaches outlined in the Order. One of the major policy approaches specified in the Order is that "any gas capacity acquisition program by a New Hampshire EDC be predicated on competitive evaluation and selection processes undertaken by entities unaffiliated with the project sponsors." Order at 5. The Order states "there exists a strong policy preference against self-

dealing in relations between New Hampshire EDCs and their unregulated affiliates.” Order at 4. The Order went on to note that “competitive bidding acquisition processes provide powerful benefits for ensuring prudence in utility expenditure and, by extension, cost savings for utility customers, through the introduction of cost discipline, open participation by competitors, and choices in product acquisition.” Order at 4-5. The Commission also expressly agreed with the Staff Report’s identification of the benefits of a competitive bidding process “predicated on *competitive evaluation and selection processes undertaken by entities unaffiliated with the project sponsors.*” Order at 5 (emphasis added).

6. On February 18, 2016, Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource”) filed with the Commission a Petition seeking approval of a firm gas transportation and storage services contract between Eversource and Algonquin Gas Transmission, LLC (“Algonquin”) for natural gas capacity on Algonquin’s Access Northeast Project. (“Petition”). Among other things, the Petition states that in arriving at the contract with Algonquin, Eversource undertook an open and transparent competitive evaluation and selection process in accordance with the standards described in Order No. 25, 860, and further states that “*the Eversource EDCs evaluated the bids* with the assistance of an unaffiliated third-party, Sussex Advisors, in a three-step process.” Petition, ¶¶ 9 and 14 (emphasis added).

7. Tennessee was a bidder in the Eversource RFP process for resource alternatives which Mr. Daly describes on pages 43- 53 (Bates pages 63-73) of his prefiled testimony submitted with the Petition. That RFP was issued by Eversource EDCs and National Grid on October 23, 2015 (prior to the issuance of Order No. 25, 860) to six pipeline companies serving the New England region and two LNG providers. Tennessee responded to the RFP, and its NED proposal was one of the two finalists in the bid evaluation process, though it ultimately

was not chosen by Eversource. After it evaluated the two finalists, Eversource decided to contract only with its affiliated project - Access Northeast. An Eversource affiliate holds a 40% ownership interest in the Access Northeast Project along with a Spectra Energy affiliate (40%) and a National Grid affiliate (20%). National Grid separately evaluated bids received in response to the RFP and entered into precedent agreements with Tennessee for the NED Project and with Algonquin for the Access Northeast Project. The Eversource agreement with Algonquin is being considered by the Massachusetts Department of Public Utilities in Docket D.P.U. 15-181, and the National Grid agreements with Tennessee and Algonquin are being considered in D.P.U. 16-07 and 16-05, respectively.

8. By this Petition, Tennessee is seeking full intervention in the instant proceeding. The statutory standards for intervention are set forth in RSA 541-A:32, I and II. First, a petition for intervention *must* be granted if the petitioner states facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding (or the petitioner qualifies under any provision of law) and the interests of justice and orderly and prompt conduct of the proceedings would not be impaired by allowing intervention. *See* RSA 541-A:32, I(b) and (c). Second, the Commission *may* grant a petition to intervene “at any time, upon determining that such intervention would be in the interests of justice and would not impair the orderly conduct of the proceedings.” RSA 541-A:32, II. *See also* N.H. Admin. R. Puc 203.17 (requiring the Commission to grant one or more petitions to intervene in accordance with the standards of RSA 541-A:32).

9. Given Eversource’s 40% ownership interest in the Access Northeast Project and the role of the Eversource EDCs in conducting the evaluation and selection process that led to the decision to contract solely with Eversource’s affiliated Access Northeast Project, there are

serious questions about the efficacy and the result of that process, as well as whether the RFP, evaluation and selection process complied with Order No. 25,860 (which was issued subsequent to the RFP), and ultimately whether the contract and the process that led to it are in public interest.

10. Tennessee qualifies for intervention under the mandatory provisions of RSA 541-A: 32, I. because its substantial interests will be affected by the proceeding, and the interests of justice and orderly and prompt conduct of the proceedings would not be impaired by allowing intervention. Tennessee was a bidder in the RFP issued by Eversource and was one of the two finalists considered for a contract. Tennessee's NED Project is discussed extensively in Eversource's filings in this docket and is compared to the Access Northeast Project. The Commission's decision on the proposed contract will have a direct effect on the NED Project and its ability to help moderate electric costs in New England and to improve the reliability and diversity of gas supplies in the region.

11. Tennessee also qualifies for intervention under the discretionary standard articulated in RSA 541-A:32, II. The interests of justice and orderly conduct of the proceedings would be promoted by granting Tennessee intervention. As part of one of the largest interstate pipeline systems in the country and one of New England's largest pipeline systems, Tennessee has extensive knowledge and expertise regarding the need for new gas supplies for electric generators in New England, gas transportation and storage costs, gas delivery capabilities throughout New England to gas-fired generators, the contracting options required by generators and the alternatives that are available to Eversource, all of which were to have been considered in the RFP process and which are relevant to the Commission's determinations in this proceeding. As a result of this expertise, Tennessee has offered an innovative firm transportation

service specifically designed for gas-fired generators. In addition, because the Algonquin and Tennessee pipeline systems serve overlapping and similar regions of New England, Tennessee possesses highly relevant information that can be of assistance to the Commission. Ultimately, the Commission will benefit from Tennessee's analysis of the alternatives for additional pipeline capacity in the region, because only Tennessee will be able to present evidence to ensure the accuracy of the record regarding its own system, including the NED project.

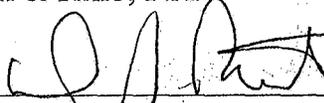
12. Tennessee's participation in this proceeding will significantly assist the Commission in its review of the proposed Eversource agreements with its Access Northeast affiliate and in its determinations as to whether the agreements are in the public interest, provide net benefits at a reasonable cost to Eversource electric customers, and compare favorably to the range of alternatives available. Tennessee will also be able to provide information on the availability of price and non-price alternatives, including the reliability and diversity of gas supplies. Significantly, Tennessee is the only party that can verify information presented by Eversource regarding the NED project and the options provided by and benefits associated with Tennessee's proposal. Because Tennessee possesses substantial information and experience that would be of value to the Commission, Staff and other parties in this proceeding, granting party status would further the interest of justice and the Commission's ability to fully assess whether approving the requested contract would be for the public good.

13. Tennessee's intervention will not impair the orderly conduct of this proceeding. If allowed to intervene, Tennessee will abide by the Commission's rules and the procedural schedule in this docket.

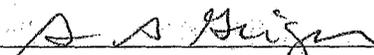
WHEREFORE, Tennessee Gas Pipeline, LLC respectfully requests that the Commission grant it full party status as an intervenor in this proceeding and that it grant such other relief as the Commission deems just and equitable.

Respectfully submitted,

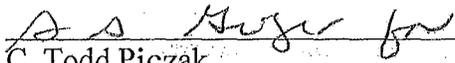
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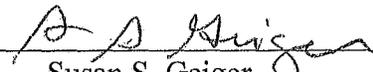


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Dated: April 11, 2016

Certificate of Service

I hereby certify that a copy of the foregoing Petition has on this 11th day of April, 2016 been either sent by electronic or first class mail, postage prepaid, to persons listed on the Service List.



Susan S. Geiger