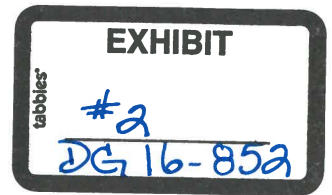




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**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

Docket No. DG 16-XXX

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Petition for Expansion of Franchise to the Town of Hanover and City of Lebanon, New
Hampshire

DIRECT TESTIMONY

OF

WILLIAM J. CLARK

November 23, 2016

Table of Contents

I. INTRODUCTION..... 1

II. DESCRIPTION OF THE PETITION 4

III. CUSTOMER POTENTIAL/ECONOMICS..... 9

IV. LIBERTY UTILITIES’ QUALIFICATIONS 15

V. CONCLUSION 21

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is William J. Clark. My business address is 15 Buttrick Road, Londonderry,
4 New Hampshire, 03053.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Liberty Utilities Service Corp. (“Liberty”) as the Director of Business
7 Development. In that capacity I am responsible for creating new business opportunities
8 for Liberty Utilities (EnergyNorth Natural Gas) Corp. (“Liberty Utilities” or the
9 “Company”) and Liberty Utilities (Granite State Electric) Corp. (“Granite State
10 Electric”),¹ and working with existing customers along with local, regional, and state
11 officials to ensure their utility needs are being met by Liberty Utilities.

12 **Q. On whose behalf are you testifying today?**

13 A. I am testifying on behalf of Liberty Utilities.

14 **Q. Please state your educational background and professional experience.**

15 A. I graduated from St. Anselm College in Goffstown, New Hampshire, with a Bachelor of
16 Science degree in Financial Economics in 1991. In 1992 I began my career at Boston
17 Gas Company. During this time I was a member of the Steel Workers of America, Local
18 12007, and held various positions in gas distribution and customer service as well as

¹ Although both the gas and electric utilities do business as “Liberty Utilities,” references to “Liberty Utilities” in this testimony only refers to the gas utility.

1 being a union official. In 1998 I was employed by National Grid to start an unregulated
2 energy service subsidiary where I worked as a Sales Account Manager until 2010. In
3 2010 when National Grid sold this business, I was employed by National Grid as a
4 Commercial Gas Sales Representative working in EnergyNorth's service territory. In
5 2012 I joined Liberty and progressed into my current position. In this role I am
6 responsible for organic growth opportunities and commercial development for both
7 Liberty Utilities and Granite State Electric.

8 **Q. Have you previously testified before this Commission?**

9 A. Yes. I testified before the New Hampshire Public Utilities Commission ("Commission")
10 in Docket No. DG 14-380 regarding the Precedent Agreement between Liberty Utilities
11 and Tennessee Gas Pipeline Company ("TGP") for capacity on the proposed Northeast
12 Energy Direct Pipeline. I have also testified in Docket No. DG 15-362 regarding a
13 franchise petition to serve the towns of Windham and Pelham, as well as in Docket No.
14 DG 16-447 a petition to amend the tariff to include Managed Expansion Program
15 ("MEP") rates.

16 **Q. What is the purpose of your testimony?**

17 A. My testimony supports Liberty Utilities' petition to provide natural gas service to the
18 Town of Hanover and the City of Lebanon. In my testimony I provide details on how the
19 proposed "off pipeline" natural gas distribution system in Hanover and Lebanon, New
20 Hampshire, will be supplied by natural gas as well as the benefits for existing and future

1 customers. I also provide a detailed business plan for the marketing of natural gas
2 service, the operation of the system, and the supply of fuel to the system.

3 **Q. Please provide a brief history of Liberty Utilities and its operating areas.**

4 A. Liberty Energy Utilities Co., a subsidiary of Algonquin Power & Utilities Corp.,
5 purchased National Grid's New Hampshire assets, EnergyNorth and Granite State
6 Electric, in July 2012. Granite State Electric provides local distribution of electricity to
7 approximately 44,000 customers in New Hampshire; including the Town of Hanover and
8 City of Lebanon. Liberty Utilities provides local gas distribution services to
9 approximately 90,000 customers located mainly in the south-central region of the state.
10 The Company also has the franchise rights for the City of Berlin. See Attachment WJC-1
11 for a map showing the Company's combined service areas. Liberty Utilities has
12 interconnections with TGP on the Concord Lateral as well as a single interconnection on
13 the Portland Natural Gas Transmission System ("PNGTS") pipeline to serve the Berlin
14 franchise. Also included in the Company's portfolio are three liquefied natural gas
15 ("LNG") facilities and three propane facilities, which are utilized for both supply and
16 pressure enhancement, and a propane storage facility in Amherst. For more information
17 on how these facilities operate please see the testimony of Ms. Gilbertson.

18 In January 2015 Liberty Utilities acquired New Hampshire Gas Company located in
19 Keene, New Hampshire, from Iberdrola, USA. The Company now operates this entity as
20 its Keene Division under a separate tariff. The Keene Division consists of approximately

1 1,250 customers who are supplied with a propane/air mixture through approximately 30
2 miles of underground distribution piping which is supplied from a central fuel facility.

3 **II. DESCRIPTION OF THE PETITION**

4 **Q. Please describe the areas to be served by this petition.**

5 A. The Company's franchise application encompasses the Town of Hanover and the City of
6 Lebanon in their entirety. Both municipalities have vibrant economies with growing
7 businesses and institutions looking for options for obtaining cleaner, more affordable
8 energy. They also have potential anchor customers that can provide economies of scale
9 from a gas distribution perspective. In addition, Liberty Utilities has access to
10 infrastructure, operations, personnel, and customer relationships in this franchise area
11 because of the electric distribution network provided by Granite State Electric.

12 **Q. What experience does the Company have operating "off pipeline" and LNG
13 facilities?**

14 A. Liberty Utilities has three LNG facilities on its system which have been operating
15 successfully for decades. Norman Gallagher, Director of Production, Dispatch and
16 Control, has decades of experience operating, maintaining, and controlling LNG
17 facilities. Mr. Gallagher's Dispatch and Emergency Control team operates from a secure
18 facility located in the Company's Londonderry headquarters. This control room is
19 manned 24 hours a day, seven days a week. The Keene propane/air facility is monitored
20 by this team and is wired into the supervisory control and data acquisition ("SCADA")

1 system. The Company will be utilizing this team and control room for monitoring the
2 Hanover/Lebanon system as well.

3 **Q. How does an “off pipeline” natural gas system fit Liberty Utilities’ growth model?**

4 A. In order to provide customers with diversified options for fuel, the Company is
5 continuously looking for ways to expand its footprint and grow its business in New
6 Hampshire. Growing the Company’s distribution system brings benefits to new
7 customers in the form of lower energy costs to existing customers, due to the spreading of
8 fixed costs over more sales volume, and to the state as a whole by attracting new business
9 development as a result of lower energy costs. Liberty Utilities has petitioned for new
10 franchise areas through traditional pipeline expansion to serve the towns of Windham and
11 Pelham in Docket No. DG 15-362. The Company has also received approval for a pilot
12 program that allows for new rates through its Managed Expansion Program (“MEP”) in
13 Docket No. DG 16-447 which will accelerate gas conversions. The Company is also in
14 the process of converting its Keene Division to natural gas with the potential of
15 expanding its distribution system.

16 **Q. When did Liberty Utilities begin the process of evaluating the “off pipeline” model
17 for Hanover and Lebanon?**

18 A. Liberty Utilities began the process of evaluating the “off pipeline” local distribution
19 company (“LDC”) model in 2013. The first public mention of this model occurred
20 during a presentation at the New Hampshire Business and Industry Association’s Annual
21 Energy Seminar, which was held on December 11, 2013, by F. Chico DaFonte, then

1 Senior Director, Energy Procurement. See Attachment WJC-2. Also in 2013, Liberty
2 Utilities began the due diligence process on the possible acquisition of New Hampshire
3 Gas. As stated above, the Company acquired New Hampshire Gas in January 2015 and
4 is currently evaluating plans to convert that system to natural gas utilizing LNG and
5 compressed natural gas (“CNG”) as the primary fuels. As Liberty Utilities already has a
6 presence in these communities through Granite State Electric, the Company is aware of
7 the customer demand for a cleaner, more convenient, and less expensive fuel option. The
8 Company has been in discussions with large anchor customers in the area regarding their
9 fuel requirements and responded to a Request for Indicative Bids from Dartmouth
10 College to supply its central boiler plant with LNG and/or CNG in January 2014. See
11 Attachment WJC-3 (indicative price range redacted).

12 **Q. How does an “off pipeline” distribution system work?**

13 A. An “off pipeline” distribution system has two key components. The first component is
14 the underground gas distribution piping along with service risers and meters located at
15 the customer’s premises. This component of the system is identical to the existing
16 distribution network that has been operated safely, reliably, and efficiently by Company
17 employees for decades. The second unique component of the “off pipeline” distribution
18 system is the fueling facility that will be utilized to supply the distribution system with
19 natural gas.

20 A conventional local distribution network has an interconnection with an interstate
21 pipeline company. At this interconnection an LDC would receive shipments of natural

1 gas from its supplier, regulate pressure down to LDC operating pressure (typically 60
2 PSI), add mercaptan, which is a gas odorant, and distribute the gas to customers.
3 Because there is not an interstate pipeline within 50 miles of the Hanover/Lebanon
4 franchises with which to interconnect, the Company plans to construct an LNG storage
5 and vaporization facility along with a CNG decompression facility to supply the natural
6 gas to the distribution system and customers.

7 LNG will be trucked to the facility and off-loaded into LNG storage tanks. From the
8 tanks the liquid will be vaporized into gaseous form, odorized as needed, and injected
9 into the distribution system. This same procedure has been working reliably and safely at
10 the Company's current LNG plants for approximately 40 years. CNG will also be
11 trucked to the facility and attached to decompression skids, which will decompress the
12 gas from approximately 3600 PSI to the working LDC pressure of 60 PSI and injected
13 into the system. This process is relatively new, but has been working reliably and safely
14 in New Hampshire for the past few years.

15 **Q. Why is the Company planning to utilize both LNG and CNG for the distribution**
16 **system?**

17 A. The Company plans to operate this system in accordance with all Commission rules and
18 within the terms and conditions of its existing tariff, with the exception of the Cost of Gas
19 ("COG") calculation and transportation customer service. For information on how the
20 Hanover/Lebanon franchises will be treated with respect to rates and tariff requirements
21 please see the testimony of Mr. Simek.

1 The Puc 500 rules stipulate that the LDC have seven peak days of storage available to all
2 firm, non-interruptible customers. The Company plans to fulfill this requirement by
3 utilizing the storage ability of LNG as CNG storage options are limited at this time.
4 However there may be instances where CNG is the less expensive fuel and a more cost
5 effective choice for customers. By utilizing both LNG and CNG the Company will be
6 able to diversify the fuels and provide the most reliable and least-cost service to
7 customers. There are nine CNG “virtual pipeline” compression facilities in operation or
8 under construction in the northeast that could provide fuel. Currently Xpress Natural
9 Gas, which the Company has contracted with for CNG service to Keene, has three
10 facilities in New England and New York connected to various interstate pipelines. NG
11 Advantage/Clean Energy has multiple facilities in the region and Global Partners, LP has
12 a single facility in Maine. iNATGAS has two facilities located in New Hampshire and
13 Massachusetts. The New Hampshire facility is connected to the Liberty Utilities system
14 through a special contract which was approved by the Commission in Order No. 25,694
15 (July 15, 2014).

16 **Q. Is there another component to this facility that would be a benefit to the region?**

17 A. Yes, the facility may also contain a natural gas vehicle fueling station. The vehicle
18 fueling facility would be an open access facility which may be utilized by private vehicle
19 owners as well as commercial fleet applications. Liberty Utilities is currently utilizing
20 CNG vehicles in its commercial fleet which has decreased costs and emissions.

1 **Q. What work has been done to date regarding design of the fuel facility?**

2 A. The Company has plans to design a fully scalable facility that will support a growing
3 customer base in the region. Liberty Utilities has been utilizing the Company's engineers
4 and professionals and has retained a leading, local firm in the LNG arena; Sanborn, Head
5 & Associates, Inc. of Concord, New Hampshire. Sanborn, Head has provided services to
6 the Company with respect to its existing LNG and propane facilities for many years and
7 has an excellent relationship with our Operations and Engineering teams. Sanborn, Head
8 also designed and engineered the largest non-utility LNG facility in New England for
9 OMYA, Inc. in Florence, Vermont. Sanborn, Head has drafted preliminary plans for a
10 new LNG/CNG facility in our Keene Division with an initial capacity of 300,000 annual
11 dekatherms (ADTH), scalable up to 550,000 ADTH. The Company is utilizing these
12 plans as representative of a mid-size "off pipeline" system, such as Keene, and other
13 potential areas to which Liberty Utilities may expand service.

14 Liberty Utilities has also been working closely with CNG providers within New England
15 on system design, commodity pricing, as well as turn-key product options.

16 **III. CUSTOMER POTENTIAL/ECONOMICS**

17 **Q. What does the Company perceive to be the potential market/load in Hanover and
18 Lebanon and how does that impact the facility design?**

19 A. The Company has partnered with ICF International to develop a database of potential
20 customers and estimated consumption models within its service territories. The
21 communities of Hanover and Lebanon were also evaluated during this process. The total

1 universe of potential customers in these communities is estimated at 9,225 with an
2 estimated annual consumption of 3.4 billion cubic feet (Bcf). The Company believes the
3 achievable market in Hanover and Lebanon to be on the order of 1.3 to 1.6 Bcf of annual
4 load. The Company has been in discussions with three large anchor customers that alone
5 would represent 1 Bcf of this annual load. One of these customers, with an estimated
6 annual consumption of 100,000 Dth, has executed a Letter of Intent with the Company to
7 receive natural gas through the Company's network. Liberty Utilities is working with
8 potential, large commercial customers to determine their individual fuel storage
9 preferences in order to complete the final design the facility. The Company has executed
10 an Option Agreement on a site within the Heavy Industrial Zone in the City of Lebanon
11 adjacent to the landfill and received positive feedback on this location. Liberty Utilities
12 has also executed an Option Agreement on a second parcel which is being evaluated for
13 future uses.

14 **Q. How does the Company plan to procure and treat the fuel purchases for the**
15 **Hanover/Lebanon franchises?**

16 A. Liberty Utilities' plan is to procure the fuel for the Hanover/Lebanon franchise area
17 consistent with its Least Cost Integrated Resource Plan through an open request for
18 proposal process and treat it as a pass-through cost without mark-up to the customer. For
19 more information on the procurement process and rate treatment please see the
20 testimonies of Ms. Gilbertson and Mr. Simek.

1 **Q. How do the economics compare to alternative fuels?**

2 A. The savings from oil and propane when compared to LNG and/or CNG can be
3 compelling. For a comparison of oil and propane to First Tier pricing for utility natural
4 gas service in New Hampshire please see Attachment WJC-4. First Tier pricing reflects
5 the higher distribution charge associated with the first therms used per billing cycle. It
6 also includes the COG as well as the Local Distribution Adjustment charge (“LDAC”).
7 As illustrated in Attachment WJC-4 there is the potential for significant savings when
8 utilizing natural gas versus other alternatives. Even when allowing for the increased
9 costs of liquefaction, compression, delivery, and facility construction there is potential for
10 significant savings to the customer.

11 **Q. Are there customers in the Lebanon and Hanover area that are currently utilizing**
12 **LNG and/or CNG?**

13 A. Yes, the Company is aware of two customers in Lebanon utilizing CNG and another that
14 is utilizing LNG. Dartmouth Hitchcock Medical Center and Pike Industries are currently
15 utilizing CNG and Kleen Laundry is utilizing LNG. See Attachment WJC-5. All three
16 of these customers have substantial annual usage.

17 **Q. What advantage could these customers gain by connecting to a centrally located**
18 **facility via an underground distribution network?**

19 A. Liberty Utilities believes there are several advantages to receiving gas through its utility
20 model. The first advantage would be participation in the Company’s award winning
21 CORE energy efficiency programs. Since these customers would be contributing to the

1 program through the LDAC charge they would qualify for all of the Company's general
2 and custom rebate programs. These programs would assist the customers with reducing
3 their consumption, lowering their energy bills, and reducing their carbon footprint. A
4 second advantage would be lower commodity costs due to increased purchasing power
5 that will be realized by aggregating their fuel purchases with all customers connected to
6 the system through the Company's Energy Procurement department. Liberty Utilities
7 will be purchasing fuel for its entire system, which should result in reduced pricing
8 through economies of scale. The fuel pricing paid will directly pass-through, without
9 mark-up to the customer as is the case currently. A third advantage would be the release
10 of valuable real estate on the customer's property which is currently utilized for LNG
11 storage or CNG trailer decompression. This real estate could be utilized for increased
12 parking, facility expansion, or other beneficial purposes. Removing the truck traffic
13 required for direct service should also result in better logistics and reliability for
14 customers and employees at each location. Since each customer currently has a single
15 fuel source they will benefit from fuel diversification in the form of both LNG and CNG
16 as proposed by the Company as part of a centralized distribution system and supply
17 network. Being reliant on a single fuel supply exposes customers to the price vagaries
18 inherent in each individual fuel source while a mix of fuel sources provides optionality
19 and mitigates the price risk of any one-fuel source. Lastly, the customers will benefit
20 from the considerable resources available to the Company, which it will bring to bear in
21 servicing customers in the Hanover and Lebanon area.

1 **Q. Could there be other safety enhancements with a centrally located Liberty Utilities**
2 **facility?**

3 A. Yes. The Liberty Utilities facility will fall under the oversight of the Safety Division of
4 the New Hampshire Public Utilities Commission and will be subject to all inspections
5 and reporting currently in place under the Company's tariff and PUC rules. This added
6 level of scrutiny should result in the safest facility in operation. Another potential
7 enhancement is a reduction in reliance on local public emergency personnel to respond to
8 situations at various locations. The Company has added, and will add, local, trained
9 employees that can respond to an emergency in the same manner and timelines as
10 currently required under Commission rules.

11 **Q. How would new commercial and residential customers benefit from the Liberty**
12 **Utilities centralized facility?**

13 A. Large commercial customers that have a load profile which would otherwise warrant
14 conversion to CNG but do not have the available physical space required to construct a
15 decompression terminal(s) at their facility would be able to receive service through an
16 underground service line, a service riser, and meter with minimal space utilization and
17 disruption. There may also be savings for these new commercial customers from
18 socializing the construction and equipment costs of a larger, more efficient central facility
19 rather than bearing the cost of a stand-alone, individual facility. Due to the costs
20 associated with trailers and decompression units, CNG is usually uneconomical for
21 customers utilizing less than 50,000 Dth of gas annually. That leaves few options for

1 small and mid-size commercial customers and all residential customers that do not have
2 access to pipeline natural gas. These customers, due to their relatively small size, also
3 face higher oil and propane costs than the much larger industrial and commercial
4 customers. The Liberty Utilities facility would open a new supply option to these
5 customers, as well as energy efficiency programs and the convenience of having their
6 fuel piped directly to their home or business. As stated above, these customers would
7 also have access to the Company's award winning CORE energy efficiency programs and
8 be served by a safety award winning utility. See Attachment WJC-6.

9 **Q. Please describe Liberty Utilities customer acquisition processes and the resources**
10 **committed to new customer growth.**

11 A. Within the last few years Liberty Utilities has expanded its Sales and Marketing
12 department to nine full time employees from a previous level of three. This includes two
13 commercial and industrial account managers along with three residential sales
14 representatives. In addition, Liberty Utilities has a hired a marketing coordinator/analyst
15 which greatly enhances the Company's ability to reach existing and potential customers
16 in a timely and efficient manner.

17 Within the Company's existing franchise territory the Sales and Marketing team utilize
18 various methods to acquire new customers. The team has identified all potential
19 customers who currently reside within 100 feet of an existing gas main, customers who
20 live within a franchise town but require a main extension for service, and all customers
21 that currently have an active gas meter but do not utilize natural gas for heating. Liberty

1 Utilities actively communicates with these customers via various methods depending on
2 the situation. The Sales and Marketing manager will also utilize third party data to
3 update the prospects list and offer conversion incentives at various times of the year.
4 Other effective methods of customer acquisition have been meeting with City and Town
5 engineers to assess timing of public works projects and street repaving projects, along
6 with neighborhood open houses in targeted areas to explain the conversion process to
7 customers residing in neighborhoods that have expressed interest in extension of gas
8 service.

9 Other than existing customer data, the Liberty Utilities Sales and Marketing team will
10 utilize all of these available resources in Hanover and Lebanon along with the
11 Company's newest tool, the Strategic Intelligence Management System to ensure a robust
12 growth rate is achieved and customers have access to natural gas as expeditiously as
13 possible.

14 **IV. LIBERTY UTILITIES' QUALIFICATIONS**

15 **Q. What facilities does Liberty Utilities currently own in Hanover or Lebanon that are**
16 **used by Granite State Electric?**

17 A. In addition to the electric distribution facilities associated with the poles and distribution
18 lines, Liberty currently owns an operations center for Granite State Electric located at 407
19 Miracle Mile in Lebanon. This facility is a walk-in center, call center, and is used by
20 electric operations personnel including line workers, meter readers and engineers.

1 **Q. What synergies could be realized by having Granite State Electric and Liberty**
2 **Utilities operating in the same franchise towns?**

3 A. Liberty Utilities envisions utilizing this facility as a combination gas/electric customer
4 service and operations center. The Company would be able to employ existing personnel
5 to perform common tasks such as meter reading, bill payment, and customer service.
6 Company employees would charge their time appropriately to either the gas or electric
7 utility. This should result in direct benefit to existing Granite State Electric customers.
8 There would also be synergies for existing Liberty Utilities gas customers. It is not
9 anticipated that the Company would need to hire any incremental dispatch, finance, call
10 center, or senior leadership employees to accommodate these new franchise towns.
11 Therefore these current costs would be spread among customers of these new franchise
12 areas resulting in beneficial impact to existing Liberty Utilities customers. These
13 synergies will also result in lower operating costs and lower rates for new customers in
14 Hanover and Lebanon when compared to a new, start-up company that would be required
15 to either hire full-time employees or contract with a third party for these services.

16 **Q. Does Liberty Utilities have the managerial capability to own and operate an “off**
17 **pipeline” distribution system?**

18 A. Yes, it does. As stated above, the Company currently operates the Keene Division as a
19 separate entity. That portion of Liberty Utilities service territory is served by a propane
20 air system. Therefore, managing and operating a system that is not physically connected

1 to a pipeline is a function that the Company has been doing successfully since it acquired
2 the Keene Division on January 2, 2015.

3 Additionally, Liberty Utilities has in place an extremely capable and experienced senior
4 management team that is well suited for this type of business expansion. This team has
5 many years of experience operating a distribution utility in addition to the experience in
6 operating LNG facilities.

7 **Q. What is the timing to provide service to Hanover and Lebanon?**

8 A. The Company is prepared technically and financially to move forward with facility
9 construction upon receipt of all required federal, state, municipal, and regulatory
10 approvals. Liberty Utilities fully expects construction of both the fueling facility and
11 underground distribution system to commence in late 2017 or early 2018. The Company
12 could also be utilizing temporary LNG or CNG trailers in certain areas while the local
13 distribution system is being built out in order to serve customers in a more timely
14 manner.

15 **Q. Is this project consistent with the State's Energy Strategy?**

16 A. Yes. Liberty Utilities' franchise expansion to Hanover and Lebanon through an "off
17 pipeline" satellite local distribution system is consistent with the 2014 New Hampshire
18 10-Year State Energy Strategy on several levels. The State Energy Strategy states in
19 section 5.4.4, Natural Gas: "As indicated in the Business as Usual forecast, natural gas
20 currently provides 16% of residential heating needs, 44% of commercial thermal needs

1 and 54% of industrial thermal needs. In total, only 51 New Hampshire cities and towns
2 have access to natural gas, and the state's two gas utilities, Unitil and EnergyNorth, only
3 serve approximately 117,000 customers." See Attachment WJC-7. A major contributor
4 to these low saturation rates is access to natural gas pipelines. TGP owns and operates
5 the Concord Lateral transmission pipeline, which supplies gas to approximately 90,000
6 Liberty Utilities customers. The PNGTS pipeline crosses the northern part of the state
7 and crosses into Maine. Liberty Utilities has a single interconnection to the PNGTS
8 pipeline in Berlin which is used to supply natural gas to the Company's Berlin franchise
9 area. Unitil supplies natural gas to customers along the seacoast through a combination
10 of the TGP, PNGTS, and Granite State Gas Transmission pipeline systems. Lack of
11 pipeline access in many other parts of the state forces residents and businesses to procure
12 more expensive and possibly less clean burning fuels. The State Energy Strategy
13 recommends fuel diversity strategies. A centrally located facility supplied by LNG and
14 CNG connected to a network of local distribution piping is consistent with this diversity
15 strategy. There are currently two LNG import facilities in New England: the Canaport
16 LNG terminal owned and operated by Repsol in New Brunswick, Canada, and the
17 Distrigas terminal owned and operated by GDF-Suez in Everett, Massachusetts.
18 However, only the Distrigas terminal offers trucked LNG. Others currently offering
19 trucked LNG include Gaz Metro in Montreal, Canada, and UGI Corp of Reading,
20 Pennsylvania. In addition to these facilities there are multiple proposals for new facilities
21 in various stages of development in the Northeast and New England. As stated
22 previously, there are ample CNG facilities in operation throughout the northeast. These

1 facilities are connected to various transmission pipelines in New Hampshire, Maine,
2 Massachusetts, Vermont, and New York. These varied options constitute a diverse
3 supply chain option that the Company could tap through competitive bidding, and as a
4 result, its strategy is consistent with the State Energy Strategy.

5 Another recommendation of the State Energy Strategy is “reducing usage through
6 efficiency and conservation.” See Attachment WJC-6. By participating in Liberty
7 Utilities’ energy efficiency programs these “off pipeline” customers would have
8 significant incentives and rebates available to assist in conservation measures. Finally,
9 Sub-Recommendation 13.B of the State Energy Strategy “Monitor Development of
10 Trucked CNG” notes that some areas are simply too remote to reach with traditional
11 distribution expansion, yet the demand for natural gas in these areas is great. “The State
12 should encourage targeted, strategic installations of trucked CNG in areas where the
13 impact will be maximized. The State should monitor these developments and work to
14 clarify and simplify the permitting processes for such installations.” See Attachment
15 WJC-6. A centrally located facility connected to a local distribution network like this
16 Liberty Utilities proposal for Hanover and Lebanon would maximize the benefit to a
17 region and reduce the impact to the community as well.

18 **Q. Has there been recent developments with regard to the Company’s tariff that would**
19 **enhance conversion metrics as well as offer protections to existing customers?**

20 A. Yes. In August 2016 Liberty Utilities received approval from the Commission for a
21 Managed Expansion Program in Order No. 25,933 (August 4, 2016). As a result,

1 customers will have an opportunity to reduce or eliminate their Contribution in Aid of
2 Construction by paying a slightly higher distribution rate over time. Another key
3 attribute in the MEP approval is the ability for a customer to receive a free service line of
4 up to 100 feet regardless of fuel usage, provided the service is installed while a new gas
5 main is being installed in front of the customer's residence or business. These two
6 enhancements should provide for higher saturation rates during the initial phases or
7 construction as well as lower construction costs overall.

8 Other alterations to the Company's tariff as a result of the MEP approval include the
9 requirement of a Discounted Cash Flow analysis as well as the timing of large
10 construction projects. Large projects are defined as a single project with a direct capital
11 cost of over \$1,000,000 of which the Hanover and Lebanon will qualify. In addition,
12 these large projects require that construction of the project will not commence until
13 enough prospective customers have committed to take service such that anticipated
14 revenue, over an eight-year period for residential and six years for commercial customers,
15 equates to at least 25% of the projected direct cost of construction for the project. These
16 requirements offer safeguards to existing Liberty Utilities customers by reducing the risk
17 of uneconomic expansion projects.

18 **Q. In your opinion, would the granting of the Hanover/Lebanon franchise expansion to**
19 **Liberty Utilities serve the public good?**

20 A. Yes. As explained in my testimony and the testimony of the Company's other witnesses,
21 Liberty Utilities has the managerial, financial, and technical ability to construct and

1 operate this system. We also have access to first-rate legal, accounting, billing,
2 regulatory, finance, engineering, operations, and other services through the corporate
3 parent and affiliated companies. This new franchise system in Hanover and Lebanon will
4 have a positive impact on current and future Liberty Utilities and Granite State Electric
5 customers through multiple synergies. This expansion will benefit customers of this new
6 system by offering fuel diversity, reduction in energy prices, and access to energy
7 efficiency programs otherwise not available to them. This new system will also be
8 consistent with the 2014 New Hampshire State Energy Strategy. For all these reasons
9 Liberty Utilities' proposed "off pipeline" distribution network and fuel storage/delivery
10 facility is in the public good and Liberty Utilities should be awarded the franchise rights
11 for Hanover and Lebanon, New Hampshire.

12 **V. CONCLUSION**

13 **Q. Is there a business plan which details the Company's expansion plans for Hanover**
14 **and Lebanon?**

15 A. Yes. The accompanying Hanover and Lebanon Expansion Plan (Attachment WJC-8)
16 provides a detailed analysis regarding Sales and Marketing, Operations and Engineering,
17 Energy Procurement, Finance, and Community Outreach strategies.

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

19 A. Yes, it does.

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