

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

Docket No. DG 17-\_\_\_

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities  
Approval of Natural Gas Supply Strategy

**PRE-FILED DIRECT TESTIMONY**

**OF**

**SUSAN L. FLECK**

**AND**

**FRANCISCO C. DAFONTE**

December 21, 2017

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1 **I. INTRODUCTION**

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

3 A. My name is Susan L. Fleck. I am President of Liberty Energy Utilities (New Hampshire)  
4 Corp. (“Liberty Energy (NH)”), which owns Liberty Utilities (EnergyNorth Natural Gas)  
5 Corp. d/b/a Liberty Utilities (hereinafter referred to as “EnergyNorth” or the “Company”)  
6 and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities. My business  
7 address is 15 Buttrick Road, Londonderry, New Hampshire.

8 My name is Francisco C. DaFonte. I am Vice President, Regulated Infrastructure  
9 Development - Gas, of Liberty Utilities Co. (“Liberty Utilities”), the parent company of  
10 Liberty Energy (NH). My business address is 15 Buttrick Road, Londonderry, New  
11 Hampshire.

12 **Q. On whose behalf are you submitting this testimony?**

13 A. We are submitting this joint testimony before the New Hampshire Public Utilities  
14 Commission (the “Commission” or “NHPUC”) on behalf of EnergyNorth.

15 **Q. Ms. Fleck, please describe your educational background and professional experience.**

16 A. I received a Bachelor of Science in Civil Engineering from Carnegie-Mellon University  
17 and a Masters of Business Administration with a concentration in Finance from Boston  
18 College. From 1980 to 1981, I worked as an engineer for Columbia Gas Transmission  
19 Company in the Measurement and Regulation Department. In 1981, I joined The Brooklyn  
20 Union Gas Company as an Engineer, where I remained until 1982. From 1982 to 1985, I  
21 was employed by Consolidated Edison Company as an Associate Engineer in the Gas

1 Operations Department. In 1985, I joined Boston Gas Company (“Boston Gas”) as a  
2 Measurement and Design Engineer. I remained with Boston Gas through the end of 2000,  
3 progressing through numerous positions including Superintendent Distribution  
4 Administration, Director Distribution System Planning, Group Leader Distribution System  
5 Design, Construction Engineer, Vice President Engineering and Gas Control, and Vice  
6 President Engineering and Environmental Management. From 2000 to 2007, following the  
7 acquisition of Boston Gas by KeySpan Corporation, I served as Vice President NYC Gas  
8 Operations for KeySpan Energy Delivery New York. From 2007 to 2017, following the  
9 acquisition of KeySpan Corporation by National Grid PLC, I served as Vice President of  
10 Engineering Standards and Policy for National Grid, and then as Vice President of Gas  
11 Pipeline Safety and Compliance until my retirement in June 2017. In September 2017, I  
12 became President of Liberty Energy (NH).

13 **Q. Mr. DaFonte, please summarize your educational background and your business and**  
14 **professional experience.**

15 A. I attended the University of Massachusetts Amherst where I majored in Mathematics with  
16 a concentration in Computer Science. In the summer of 1985, I was hired by  
17 Commonwealth Gas Company (now NSTAR Gas Company), where I was employed  
18 primarily as a supervisor in gas dispatch and gas supply planning for nine years. In 1994,  
19 I joined Bay State Gas Company (now Columbia Gas of Massachusetts) where I held  
20 various positions including Director of Gas Control and Director of Energy Supply  
21 Services. In 2011, I was hired as the Director of Energy Procurement by Liberty Energy  
22 (NH) and promoted to Senior Director in July 2013 and Vice President in July 2014. In

1 November 2016, I became Vice President, Regulated Infrastructure Development - Gas, of  
2 Liberty Utilities.

3 **Q. Have you previously testified in regulatory proceedings before the Commission?**

4 A. Yes, we have both testified in proceedings before the Commission.

5 **Q. Have you testified in other regulatory jurisdictions?**

6 A. (Ms. Fleck) Yes. I have also testified before the Massachusetts Department of Public  
7 Utilities and the Rhode Island Public Utilities Commission.

8 A. (Mr. DaFonte) Yes. I have testified before the Massachusetts Department of Public  
9 Utilities, the Maine Public Utilities Commission, the Indiana Utility Regulatory  
10 Commission, the Missouri Public Service Commission, the Georgia Public Service  
11 Commission, and the Federal Energy Regulatory Commission (“FERC”).

12 **II. EXECUTIVE SUMMARY**

13 **Q. What is the purpose of your testimony in this proceeding?**

14 A. The purpose of our testimony is to outline, for the Commission’s review and approval,  
15 EnergyNorth’s natural gas supply strategy to provide reliable service to our customers at  
16 the lowest reasonable cost. As demonstrated in this filing, the proposed natural gas supply  
17 procurement strategy is critical to meet the forecasted demand requirements of our  
18 customers. Our joint testimony also summarizes the Company’s engagement process to  
19 communicate the proposed natural gas supply strategy to stakeholders.

1 **Q. Please describe the Company’s natural gas supply strategy for which it seeks**  
2 **Commission approval.**

3 A. EnergyNorth is seeking Commission approval of the following contractual agreements and  
4 proposed infrastructure development projects, which comprise our interim and long-term  
5 natural gas supply strategy: (i) a delivered supply contract with ENGIE Gas & LNG LLC  
6 (“ENGIE”); (ii) a precedent agreement with Portland Natural Gas Transmission System  
7 (“PNGTS”) for firm transportation capacity; and (iii) the construction of a new in-state  
8 transmission pipeline (hereinafter referred to as the Granite Bridge Pipeline) and new on-  
9 system liquefied natural gas (“LNG”) facility (hereinafter referred to as the Granite Bridge  
10 LNG facility) (together the “Granite Bridge Project”).

11 **Q. Please provide the context for the Company’s resource decisions.**

12 A. EnergyNorth has experienced a significant increase in natural gas customers over the past  
13 few years, which has resulted in an overall increase in natural gas demand. The Company  
14 continues to focus on meeting the energy needs of the businesses and residents of New  
15 Hampshire by providing natural gas as an option for various end-use applications.  
16 Therefore, the Company is forecasting an increase in natural gas demand and, in particular,  
17 demand for Design Day and the winter period under Normal Year and Design Year weather  
18 conditions. The Company’s existing service territory in southern and central New  
19 Hampshire is currently served exclusively by the Tennessee Gas Pipeline Company, LLC’s  
20 (“Tennessee” or “TGP”) Concord Lateral, which has reached capacity. EnergyNorth had  
21 previously requested and received approval from the Commission for a precedent  
22 agreement with Tennessee for 115,000 dekatherms (“Dth”) per day of firm transportation



1 capacity on the proposed Northeast Energy Direct (“NED”) project<sup>1</sup> to meet the  
2 Company’s forecasted demand requirements and resource shortfall, but the NED project  
3 was subsequently canceled.<sup>2</sup> Consequently, EnergyNorth conducted a rigorous evaluation  
4 of all reasonably available resource options in the marketplace to meet the needs of our  
5 customers using the resource planning standards and decision-making process defined in  
6 the Company’s 2017 Least Cost Integrated Resource Plan (“2017 IRP” or “LCIRP”).<sup>3</sup> As  
7 demonstrated in our evidence, the proposed natural gas supply strategy meets the portfolio  
8 objectives established in the Company’s 2017 IRP, and compares favorably to the range of  
9 alternatives available to EnergyNorth to meet the needs of our customers.

10 **Q. Please summarize the Company’s need for and benefits of the proposed natural gas**  
11 **supply strategy.**

12 A. First, to address near-term resource requirements, the Company signed a transaction  
13 confirmation with ENGIE. The ENGIE contract is the only available resource option that  
14 will be able to deliver incremental supplies on a firm basis to the Company’s city-gates to  
15 meet the near-term resource shortfall. To meet longer-term resource needs, the Company’s  
16 gas supply strategy is based on developing the Granite Bridge Project and contracting for  
17 pipeline capacity on PNGTS. The development of a second delivery feed to the Company’s  
18 service territory provided by the Granite Bridge Pipeline reduces the sole reliance on the

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<sup>1</sup> The Commission approved EnergyNorth’s long-term (i.e., 20-year) precedent agreement with Tennessee to purchase firm pipeline transportation capacity on the TGP NED Market Path project. *See*, Order No. 25,822 (Oct. 2, 2015) in Docket No. DG 14-380.

<sup>2</sup> *See*, Tennessee Gas Pipeline, L.L.C., Notice of Withdrawal of Certificate Application, FERC Docket No. CP16-21-000, May 23, 2016.

<sup>3</sup> The Company’s 2017 IRP was filed with the Commission on October 2, 2017 in Docket No. DG 17-152.

1 TGP Concord Lateral, significantly increasing the reliability and security of gas supply  
2 deliveries to our customers. The Granite Bridge Pipeline would also enable a more  
3 diversified upstream supply portfolio. Finally, based on the Company's extensive  
4 quantitative and qualitative analyses, the Granite Bridge LNG facility and PNGTS contract,  
5 in conjunction with the Granite Bridge Pipeline and the existing natural gas supply  
6 portfolio, would be the lowest cost alternative to provide additional supply and to reliably  
7 meet forecasted demand requirements in a cost-effective manner over the long-term.

8 **Q. Will the Granite Bridge Project provide other benefits to New Hampshire?**

9 A. Yes, it will. First, the Granite Bridge Project will provide the opportunity for energy choice  
10 to businesses and residents in currently unserved communities along Route 101 in New  
11 Hampshire and increase the availability of the Company's award-winning energy  
12 efficiency programs to those businesses and residents. Second, the Granite Bridge Project  
13 will support economic development by creating over 330 direct, full-time construction jobs  
14 and 15 permanent jobs in New Hampshire. Third, the Granite Bridge Project will reduce  
15 the propane and LNG truck traffic to the Company's existing facilities in Nashua,  
16 Manchester, Concord, and Tilton, and provide the Company with the option of retiring its  
17 aging propane facilities. Finally, the Granite Bridge Project will provide over \$200 million  
18 in estimated total state and local property tax revenue for all communities over the life of  
19 the project.

1 **Q. What evidence is being provided to support the Company’s natural gas supply**  
2 **strategy?**

3 A. In addition to our pre-filed joint testimony, the Company’s filing is supported by the pre-  
4 filed direct testimony of the following witnesses:

- 5 • Mr. Timothy S. Lyons, Partner of ScottMadden, Inc. (“ScottMadden”), presents the  
6 levelized cost analysis used to evaluate the proposed Granite Bridge Project.
- 7 • Mr. William R. Killeen, Director, Energy Procurement of Liberty Utilities, and Mr.  
8 James M. Stephens, Partner of ScottMadden, describe the natural gas market  
9 challenges faced by the New England region in general, and EnergyNorth in  
10 particular, review the detailed resource evaluation process used by the Company to  
11 determine the best-cost resource portfolio, and summarize the contract terms and  
12 details regarding each of the Company’s resource decisions.

13 **Q. How is the remainder of your testimony organized?**

14 A. The remainder of our testimony is organized as follows:

- 15 • Section III – Overview of Proposed Resources: This section provides a description  
16 of the resource decisions that comprise EnergyNorth’s interim and long-term  
17 natural gas supply strategies.
- 18 • Section IV – Need for and Benefits of the Proposed Resources: This section  
19 summarizes the process and results of EnergyNorth’s analysis of the resource  
20 options.

1           • Section V – Review of EnergyNorth’s Stakeholder Engagement Process: This  
2           section reviews the engagement process undertaken by the Company to  
3           communicate the long-term natural gas supply strategy to stakeholders.

4           • Section VI – Conclusion: This section summarizes the conclusions regarding the  
5           proposed EnergyNorth natural gas supply strategy.

6   **III. OVERVIEW OF PROPOSED RESOURCES**

7           **A. Interim Supply Strategy**

8   **Q. Please discuss the interim supply strategy for which the Company seeks Commission**  
9   **approval.**

10   A. Prior to the implementation of the Company’s long-term natural gas supply strategy,  
11   EnergyNorth requires incremental natural gas supplies to meet near-term demand. As  
12   such, the Company’s interim gas supply strategy is comprised of two resource decisions.  
13   First, the Company has signed a contract with ENGIE to provide EnergyNorth with 90-day  
14   winter, combination (i.e., liquid and/or vapor) service with a maximum daily quantity  
15   (“MDQ”) of 7,000 Dth per day and total annual contract quantity (“ACQ”) of 630,000 Dth  
16   for the winters of 2018/19 through 2021/22 (provided as Exhibit SLF/FCD-1). Second,  
17   the Company will increase its reliance on its existing LNG facilities as a temporary  
18   measure to meet design and peak day demand requirements during the interim period. With  
19   respect to the proposed ENGIE contract, the Company has negotiated a right to terminate  
20   the contract should the Commission not approve the arrangement. The date for regulatory  
21   approval by the Commission regarding the proposed contract with ENGIE is [REDACTED]

1 [REDACTED] Please see

2 the joint testimony of William R. Killeen and James M. Stephens (the “Killeen/Stephens  
3 Testimony”) for a detailed review of the ENGIE contract terms.

4 **B. Long-Term Supply Strategy**

5 **Q. Please describe the proposed contract with PNGTS.**

6 A. EnergyNorth has executed a precedent agreement with PNGTS, which outlines the  
7 Company’s contract for 5,000 Dth per day of firm transportation capacity from the Dawn  
8 Hub on the Union Gas Limited (“Union Gas”), TransCanada PipeLines Limited (“TCPL”)   
9 Canadian Mainline, and PNGTS pipeline systems to Dracut, Massachusetts (provided as  
10 Exhibit SLF/FCD-2). As proposed, the volume contracted by EnergyNorth will be phased-  
11 in over three years starting November 1, 2018, for a term of 22 years. The PNGTS  
12 precedent agreement allows EnergyNorth to contract with PNGTS for the entire path from  
13 the Dawn Hub to Dracut via a transportation-by-others (“TBO”) clause, and PNGTS will  
14 assign the associated transportation capacity on each pipeline (i.e., Union Gas and TCPL  
15 Canadian Mainline) to EnergyNorth upon the in-service date for each phase. Given the  
16 current deliverability limitations on the TGP Concord Lateral, the PNGTS contract will not  
17 provide incremental supply to the Company until the proposed Granite Bridge Pipeline is  
18 on-line. The PNGTS contract will complement the Granite Bridge LNG facility and  
19 provide certain benefits, such as resource flexibility and supply diversification, by  
20 accessing supplies from the Dawn Hub as discussed further in the Killeen/Stephens  
21 Testimony.

1 **Q. Is there a regulatory approval provision in the PNGTS precedent agreement?**

2 A. Yes, EnergyNorth has negotiated with PNGTS a provision allowing the Company to  
3 terminate the arrangement should the Commission not approve the PNGTS precedent  
4 agreement as structured. The date for Commission approval of the precedent agreement  
5 with PNGTS is [REDACTED]

6 [REDACTED]

7 **Q. Please describe the Granite Bridge Project.**

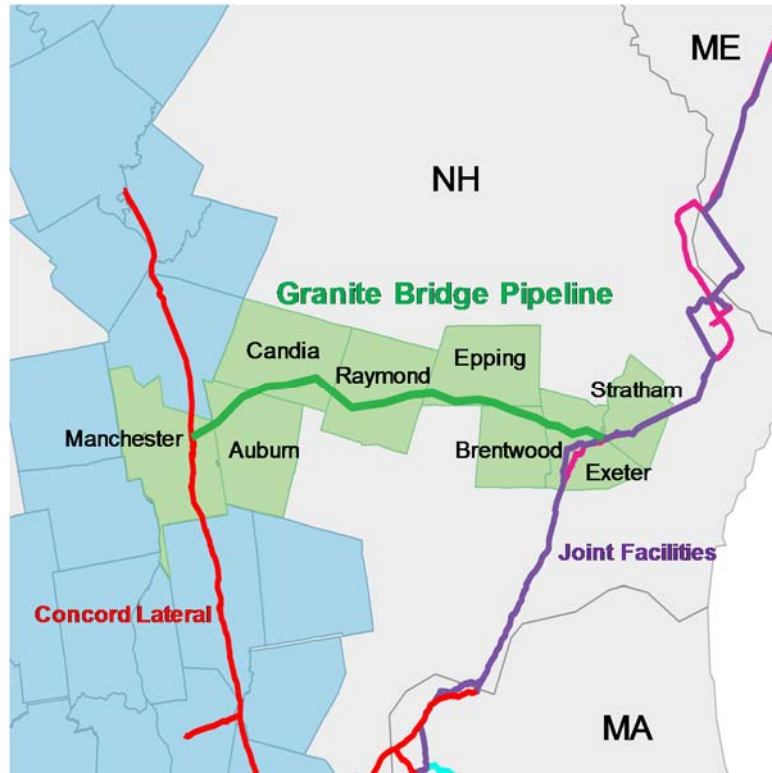
8 A. EnergyNorth is proposing to develop and construct the Granite Bridge Project, which  
9 consists of the Granite Bridge LNG facility and the Granite Bridge Pipeline, to serve  
10 businesses and residents of New Hampshire. The proposed Granite Bridge LNG facility  
11 would be located on an approximately 140-acre parcel of land adjacent to Route 101 in  
12 Epping, New Hampshire. The proposed Granite Bridge Pipeline would consist of  
13 approximately 27 miles of 16-inch diameter coated carbon steel pipeline originating at the  
14 Joint Facilities of Maritimes & Northeast Pipeline (“MNE”) and PNGTS in Stratham, New  
15 Hampshire, and traversing several communities along Route 101<sup>4</sup> within the New  
16 Hampshire Department of Transportation (“NHDOT”) right-of-way to connect to the TGP  
17 Concord Lateral in Manchester, New Hampshire (see Figure 1 below).

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<sup>4</sup> In 2016, the New Hampshire Legislature passed House Bill 626-FN-A, which designated Route 101 as one of the state’s “energy infrastructure corridors.” *See*, RSA 162-R:2, II(d).

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**Figure 1: Illustrative Granite Bridge Pipeline Map**



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The proposed Granite Bridge LNG facility would consist of a full containment LNG storage tank system and several other ancillary buildings (see Figure 2 below). The actual footprint of the proposed Granite Bridge LNG facility would be approximately 15 acres, or about 10% of the overall footprint of the site.

4

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6

1

**Figure 2: Illustrative Granite Bridge LNG Facility**



2

3 **Q. Please elaborate on the capacity and operating specifications of the Granite Bridge**  
4 **Project.**

5 A. The proposed Granite Bridge LNG facility would consist of 2 billion cubic feet (“Bcf”) of  
6 LNG storage capacity, 150,000 thousand cubic feet (“Mcf”) per day of vaporization  
7 capability, and 8,000 Mcf per day of liquefaction capability. The facility would be directly  
8 connected to the proposed Granite Bridge Pipeline in Epping. The Granite Bridge Pipeline  
9 will have a maximum allowable operating pressure (“MAOP”) of 950 pounds per square  
10 inch (“psi”) with a typical operating pressure of 750 psi, and operating capacity of  
11 approximately 150,000 Mcf per day.



1 **Q. When will the Granite Bridge Project be operational?**

2 A. The Granite Bridge Project requires approval from the New Hampshire Site Evaluation  
3 Committee (“SEC”). The SEC has a statutory requirement to complete review of project  
4 applications within 365 days of the acceptance of an application. However, the timeframe  
5 for review can be extended if the SEC determines extension to be in the public interest.  
6 Uncertainty regarding the length of the SEC review of the Granite Bridge Project makes  
7 estimating the project in-service date challenging; however, the projected in-service date  
8 of the proposed Granite Bridge Pipeline is November 1, 2021, and the projected in-service  
9 date for the proposed Granite Bridge LNG facility is November 2022, with liquefaction  
10 commencing in April 2022.

11 **Q. Has the Company assessed the costs of the proposed Granite Bridge Pipeline and**  
12 **Granite Bridge LNG facility?**

13 A. Yes, EnergyNorth has received conceptual engineering and construction cost estimates for  
14 the Granite Bridge Pipeline and Granite Bridge LNG facility from CHA Consulting, Inc.  
15 (“CHA”) and Sanborn, Head & Associates (“Sanborn Head”), respectively. As detailed in  
16 the direct testimony of Timothy S. Lyons, the initial capital cost estimates from CHA and  
17 Sanborn Head were used to develop a levelized annual cost analysis, the results of which  
18 were used to evaluate the Granite Bridge Pipeline and Granite Bridge LNG facility on a  
19 comparable basis with alternative resource options. Please see the Killeen/Stephens  
20 Testimony for a detailed description of the EnergyNorth resource analysis.

1 **Q. Would the Granite Bridge Project serve customers outside of New Hampshire?**

2 A. No. The Granite Bridge Project is designed to serve the businesses and residents of New  
3 Hampshire. As discussed in the Killeen/Stephens Testimony, the Company analyzed  
4 various tank sizes for the Granite Bridge LNG facility, and determined that a facility with  
5 2 Bcf of LNG storage capacity would be the most cost-effective option to meet the demand  
6 requirements of EnergyNorth’s customers. The Granite Bridge LNG facility would  
7 connect to the Granite Bridge Pipeline, which is a non-FERC jurisdictional asset located  
8 completely within the state of New Hampshire.

9 **Q. Would the Granite Bridge Project fall under the jurisdiction of the NHPUC?**

10 A. Yes, it would. As structured, the Company would construct and operate the Granite Bridge  
11 Pipeline and Granite Bridge LNG facility, making the project subject to the jurisdiction of  
12 the Commission. Specifically, the Commission would regulate the Granite Bridge Project  
13 from an economic perspective, as the Company would treat the facilities as distribution  
14 (pipeline) and supply (LNG facility) rate base and request cost recovery of the investment.  
15 In addition, various other state agencies will review and assess other aspects of the project,  
16 including the SEC, Department of Environmental Services, and other New Hampshire state  
17 agencies.

18 **Q. Who would oversee the safety and compliance of the Granite Bridge Project?**

19 A. From a design and safety perspective, the Granite Bridge Project is subject to the  
20 jurisdiction of the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) of

1 the U.S. Department of Transportation, and to the jurisdiction of the Safety Division of the  
2 NHPUC.

3 **Q. Please describe the Company's approach to safety with respect to the Granite Bridge**  
4 **Project.**

5 A. The number one priority for the Company is safety for our customers, employees, and the  
6 public, and that focus can be seen throughout our approach to the Granite Bridge Project.  
7 With respect to the Granite Bridge LNG facility, the Company will utilize a state-of-the-  
8 art construction approach, which includes a full containment design for the facility. A full  
9 containment LNG storage tank system consists of an inner tank surrounded by a second  
10 tank, which is designed to hold the entire liquid capacity of the inner tank – essentially a  
11 tank within a tank design. The tank will be located in an abandoned quarry with 30' high  
12 slopes, which ensures the highest level of safety and creates an additional level of  
13 containment in the extremely unlikely event of a release from both the inner and outer  
14 tanks. In addition, the chosen site, an abandoned quarry, provides the necessary acreage  
15 to manage sight and noise concerns, yet has direct access to the Route 101 Energy  
16 Infrastructure Corridor. Finally, the Company will have full-time staff, on-site and in  
17 Londonderry, who will be trained and certified on the appropriate equipment and safety  
18 protocols to monitor and control the facility on a twenty-four hours per day, seven days per  
19 week basis.

20 Regarding the Granite Bridge Pipeline, the Company will have a similar safety focus  
21 regarding construction and operations. The Granite Bridge Pipeline will be buried at least

1 48 inches underground and within the NHDOT right-of-way. The pipeline material will  
2 be inspected at the fabrication mill and the Company will conduct a full x-ray of all pipeline  
3 welds when installed. The Company will monitor and control pipeline flows with full-time  
4 employees located in New Hampshire, who will be trained and certified on the appropriate  
5 safety and operating procedures.

6 Finally, the Company will coordinate with all local jurisdictions regarding safety protocols  
7 and response guidelines, including all damage prevention and public outreach programs  
8 such as its Public Awareness program, throughout the construction process and once the  
9 facilities are placed into service.

10 **IV. NEED FOR AND BENEFITS OF THE PROPOSED RESOURCES**

11 **Q. Please summarize the Company's growth expectations and need for additional gas  
12 supply resources.**

13 A. EnergyNorth continues to focus on providing energy choice to businesses and residents of  
14 New Hampshire. Specifically, the Company has invested in local sales and marketing, as  
15 well as expanding our service territory, to provide natural gas as an energy choice to the  
16 business community and homeowners. As a result, since 2012 the Company has added  
17 approximately 5,500 customers – 1,800 customers over the past year alone – and our  
18 expectation is to continue to increase that number every year. In addition to our  
19 commitment to growth and investment in New Hampshire, the long-term assessment of  
20 demand requirements reflects the energy efficiency goals developed in Docket No. DE 17-  
21 136 and is consistent with the 2017 IRP. Based on the cost competitiveness of natural gas

1 and expected customer additions, the Company has forecasted a significant increase in the  
2 demand for natural gas over the next 20 years. As discussed in the Killeen/Stephens  
3 Testimony, even with the inclusion of energy efficiency savings, the results of the  
4 Company's long-term forecast show a growth in natural gas demand in the winter season  
5 of over 5.2 million Dth and 5.7 million Dth for Normal Year and Design Year, respectively,  
6 and approximately 73,000 Dth on Design Day between 2017/18 and 2037/38.

7 Given the heating requirement of the typical New Hampshire business or homeowner, the  
8 increase in natural gas demand results in a critical need for Design Day and winter season  
9 resources. Therefore, the Company has proposed a long-term natural gas supply strategy  
10 that reliably meets the Design Day and winter season demand in a cost-effective manner.  
11 The SENDOUT® portfolio optimization analyses demonstrate that the Company's  
12 proposed long-term resource plan results in the lowest total portfolio cost to meet the  
13 forecasted demand of EnergyNorth.

14 The proposed natural gas supply strategy will also provide significant qualitative benefits.  
15 The proposed Granite Bridge Project will not only allow the Company an opportunity to  
16 provide energy choice to new communities, but will also increase the reliability, flexibility,  
17 and diversity of the Company's gas supply portfolio for all customers. In addition, the  
18 PNGTS contract, in conjunction with the Granite Bridge Project, will provide resource  
19 flexibility; it provides the Company with a cost-effective strategy to retire the aging  
20 propane facilities should that be determined to be in the best interest of our customers and  
21 increases upstream supply diversity. Finally, the ENGIE contract will serve as an interim

1 bridge solution as the Company transitions to the long-term resource portfolio. The  
2 detailed economic analysis and gas supply portfolio evaluation is presented in the  
3 Killeen/Stephens Testimony.

4 **Q. Did the Company consider other factors in determining the benefits of the Granite**  
5 **Bridge Project?**

6 A. Yes. In addition to increases in the reliability, diversity, and flexibility of the EnergyNorth  
7 gas supply portfolio, as well as a reduction in natural gas price volatility, the Company also  
8 considered certain other benefits associated with the Granite Bridge Project, including:

- 9 • Unserved communities along Route 101 in New Hampshire will have the potential  
10 for natural gas service, and more businesses and residents will have access to the  
11 Company's award-winning energy efficiency programs.
- 12 • Over 330 direct, full-time construction jobs and 15 permanent jobs will be created  
13 in New Hampshire associated with the Granite Bridge Project.
- 14 • The Granite Bridge Project will reduce the propane and LNG truck traffic to the  
15 Company's existing facilities in Nashua, Manchester, Concord, and Tilton. In  
16 addition, the Granite Bridge LNG facility provides the Company with the option of  
17 retiring its aging propane facilities.
- 18 • Finally, the Granite Bridge Project will provide over \$200 million in estimated total  
19 state and local property tax revenue for communities over the life of the Granite  
20 Bridge Project.

1 **Q. Please explain why the proposed natural gas supply strategy is critical to**  
2 **EnergyNorth's customers.**

3 A. Given our focus on serving the communities, businesses, and residents of New Hampshire  
4 and the resulting projected demand requirements for existing and new customers, there is  
5 a critical need for additional supply resources. Presently, growth in our existing service  
6 territory is limited by the current deliverability on the TGP Concord Lateral. Since the  
7 TGP Concord Lateral is fully subscribed, an increase in capacity on the TGP Concord  
8 Lateral and associated deliverability to our existing service territory would require an  
9 expansion, which is costly, as evidenced by the proposal to expand the TGP Concord  
10 Lateral discussed in the Killeen/Stephens Testimony. Absent any change to EnergyNorth's  
11 existing infrastructure and gas supply portfolio, the Company will not be able to meet the  
12 growing demand requirements of our customers over the long-term. That is, the Company  
13 would have to impose a moratorium prohibiting any new or expanded use of natural gas in  
14 our existing service territory.

15 As demonstrated by the Company's evidence, the proposed natural gas supply strategy is  
16 critical to reliably meeting the projected demand requirements of our existing and future  
17 customers and avoiding a service moratorium. Specifically, the proposed natural gas  
18 supply strategy in general, and the Granite Bridge Project in particular, is the most cost-  
19 effective strategy to provide the needed resources to (i) increase deliverability to our  
20 service territory to meet the growing needs of our existing customers, and (ii) expand  
21 natural gas service to provide energy choice to more businesses and residents of New  
22 Hampshire.

1 **Q. Have other regional LDCs implemented a natural gas service moratorium due to**  
2 **capacity constraints?**

3 A. Yes. In late 2014/early 2015, Columbia Gas of Massachusetts (“CMA”) and Berkshire  
4 Gas Company (“Berkshire Gas”) imposed natural gas service moratoriums in western  
5 Massachusetts along the TGP Northampton Lateral due to capacity limitations.<sup>5</sup> As noted  
6 by Berkshire Gas, “capacity on the Northampton Lateral has been fully-subscribed for  
7 decades and, after a recent expansion, no incremental capacity is available unless the  
8 pipeline facilities undergo a substantial and very costly improvement or rebuild.”<sup>6</sup>  
9 Berkshire Gas has been evaluating alternative resource options over the past three years to  
10 address the service moratorium in their Eastern Division, and has recently determined that  
11 “the two most practical resources would be: (i) a distribution system enhancement  
12 providing a new main between the Tennessee Gas Pipeline Company, L.L.C. (“TGP” or  
13 “Tennessee”) mainline and the Eastern Division; and (ii) a new, larger liquefied natural gas  
14 facility in the northern portion of the Eastern Division.”<sup>7</sup> As of November 2016, Berkshire  
15 Gas has indicated that both options continue to be evaluated.<sup>8</sup>

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<sup>5</sup> Sources: Columbia Gas of Massachusetts, Long-Range Forecast and Supply Plan, Docket No. D.P.U. 15-143, September 2015; and Berkshire Gas Company, Status Report on Analysis of Resource Alternatives to Lift Moratorium, Docket No. D.P.U. 16-103, October 2016.

<sup>6</sup> Berkshire Gas Company, Status Report on Analysis of Resource Alternatives to Lift Moratorium, Docket No. D.P.U. 16-103, October 2016.

<sup>7</sup> Ibid.

<sup>8</sup> See, Berkshire Gas Company, Summary Plan Update, Docket No. D.P.U. 16-103, December 2016.



1 **V. REVIEW OF ENERGNORTH'S STAKEHOLDER ENGAGEMENT PROCESS**

2 **Q. Please describe the Company's stakeholder engagement process.**

3 A. A rigorous, sustained public outreach campaign is vital to the success of the Granite Bridge  
4 Project. Engaging key stakeholders and the general public throughout the development,  
5 permitting, and construction of the project is required to provide information regarding the  
6 Granite Bridge Project and its benefits to New Hampshire.

7 EnergyNorth takes pride in our community involvement and understands and appreciates  
8 the importance of engaging stakeholders throughout the project. This engagement  
9 campaign began with the identification of key stakeholders who will be either directly  
10 impacted by the Granite Bridge Project, or have a vested interest in the project. These  
11 stakeholders were grouped geographically and by the nature of their interest in the Granite  
12 Bridge Project, with a particular focus on the communities that would be hosting  
13 infrastructure as part of the project and the communities that will benefit from the potential  
14 future expansion of natural gas service.

15 A specific engagement strategy was then developed and has been initiated for the  
16 individual, or group, based upon how the Granite Bridge Project will affect them. This  
17 personalized communication strategy will be reviewed and updated as the Granite Bridge  
18 Project proceeds through the development process and the nature of the individual's  
19 interest evolves.

20 The stakeholder engagement process requires contributions from many different  
21 departments within the Company, including Communications, Sales, Government

1 Relations, Business Development, Engineering, Operations, and Customer Service, among  
2 others. The Company will execute a robust education campaign aimed at informing and  
3 seeking input from the general public and specific stakeholders, both in and outside of the  
4 host communities, with regard to the details of the Granite Bridge Project and the properties  
5 and characteristics of natural gas and LNG infrastructure.

6 Information will be provided and dialogue will be facilitated through a number of different  
7 communication streams. Community meetings, presentations to municipal boards, direct  
8 personal communication, digital channels, and trade associations and partners are all key  
9 methods of public engagement and communication that the Company will rely on through  
10 the permitting and development process. The Company's goal is to provide clear, timely,  
11 consistent, and accurate information regarding the Granite Bridge Project.

12 **Q. Has the Company initiated the stakeholder communication process?**

13 A. Yes, the Company has communicated with Commission Staff, the Consumer Advocate,  
14 the NHDOT, the Governor's Office, legislators whose constituents would be directly  
15 impacted by the Granite Bridge Project, and other key stakeholders who would have an  
16 interest in the project. Further, the Company has met with city and town officials of all  
17 communities that would host infrastructure as part of the Granite Bridge Project. These  
18 initial stakeholder meetings have been constructive and a positive first step in executing  
19 the Company's engagement strategy.

1 **VI. CONCLUSION**

2 **Q. Please summarize the Company's recommendations.**

3 A. Based on the evidence in this filing, EnergyNorth has determined that the contractual  
4 agreement with ENGIE and the precedent agreement with PNGTS, together with the  
5 development of the Granite Bridge Project, represent the most viable and reasonable  
6 options to meet current and projected customer requirements in a reliable and cost-effective  
7 manner. EnergyNorth's resource planning process was consistent with the currently  
8 accepted planning processes, standards, and methods as defined in the LCIRP. The  
9 approach employed by EnergyNorth to determine the long-term demand requirements was  
10 reasonable, and the results were consistent with the projected demand requirements  
11 previously reviewed by the Commission. Given the incremental natural gas demand  
12 requirements over the long-term, there is a critical need for Design Day and winter season  
13 resources. The process used by EnergyNorth to identify and evaluate the available  
14 alternative resource options, accounting for price and non-price factors, was  
15 comprehensive and based on the best information available to the Company. The proposed  
16 natural gas supply strategy appropriately balances cost considerations with reliability,  
17 security of supply, flexibility, and supply viability. Furthermore, the investment in the  
18 Granite Bridge Project will provide substantial economic benefits to New Hampshire. For  
19 all these reasons, the Company requests the Commission to approve our proposed natural  
20 gas supply strategy.

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

22 A. Yes, it does.

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