

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty

Docket No. DG 21-008

**Petition for Approval of a Firm Transportation Agreement with Tennessee Gas Pipeline
Company, LLC**

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into this 24th day of September 2021, by and among Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (“Liberty” or the “Company”), the New Hampshire Department of Energy (“Energy”), and the Office of the Consumer Advocate (“OCA”) (the “Settling Parties”). This Settlement Agreement resolves all issues among the Settling Parties regarding the Company’s request for approval of a firm transportation agreement with Tennessee Gas Pipeline Company, LLC (“TGP”) dated July 14, 2020 (the “TGP Contract”).

SECTION 1. INTRODUCTION AND PROCEDURAL HISTORY

1.1 On January 20, 2021, Liberty filed with the New Hampshire Public Utilities Commission (“Commission”) a petition pursuant to RSA 374:1, RSA 374:2, and RSA 378:7 (the “Petition”) requesting approval of the TGP Contract, including a determination that the Company’s decision to sign the TGP Contract was prudent. The Petition was supported by testimony and attachments describing the key terms of the agreement and the reasons supporting the Company’s decision to sign the TGP Contract. As described in the Petition, the TGP Contract is for an initial term of 20 years and provides that the Company shall purchase, on a firm basis, 40,000 dekatherms (“Dth”) per day of capacity on the TGP-owned Concord Lateral from the Dracut, Massachusetts, receipt point to the Londonderry, New Hampshire, delivery point (also known as the Granite Ridge delivery point). The TGP Contract rate is the currently effective TGP tariff rate for Firm

Transportation Agreement (“FT-A”) service defined as Zone 6 to Zone 6. The in-service date for the TGP Contract is November 1, 2021. The Petition proposed that the capacity costs for the TGP Contract would be recovered from customers through Liberty’s cost of gas rate.

1.2 On January 25, 2021, the OCA filed a letter of participation pursuant to RSA 363:28.

1.3 The Commission issued an Order of Notice on February 16, 2021, which scheduled a prehearing conference and outlined the process for interested parties to request intervention. The Conservation Law Foundation (“CLF”) and the Pipeline Awareness Network for the Northeast, Inc. (“PLAN”) filed petitions to intervene.

1.4 On March 24, 2021, the Commission held a prehearing conference and the parties met in a technical session. By secretarial letter dated April 15, 2021, the Commission approved the parties’ proposed procedural schedule that provided for several rounds of discovery, technical sessions, settlement conferences, testimony deadlines, and an October 6, 2021, hearing date. The Secretarial letter also granted CLF’s and PLAN’s motions to intervene.

1.5 Based on discussions that occurred throughout the discovery process and at technical sessions, the Settling Parties have agreed to the terms of this Settlement Agreement, subject to Commission approval. The Settling Parties recommend and request that the Commission approve this Settlement Agreement without modification.

SECTION 2. AGREEMENT

2.1 The Settling Parties agree that the Company’s decision to enter into the TGP Contract was prudent, that the costs to be incurred under the TGP Contract are reasonable, and thus recommend that the Commission approve the TGP Contract.

2.2 The Settling Parties condition their agreement to recommend approval of the TGP Contract on the terms contained in Sections 3 through 5 below.

SECTION 3. PLANNING STANDARDS

3.1 In Liberty's next least cost integrated resource plan, which is due on or before October 2, 2022¹ ("2022 LCIRP"), the Company shall present its design day analysis for the 2022 LCIRP based on weather data from the 30 years immediately preceding the year of the LCIRP filing.

3.2 The Company shall use the design day standard set forth in Section 3.1 as an input to the Company's supply deficiency analysis to be included in the 2022 LCIRP.

3.3 No less than six months prior to the Company's decision on whether to exercise its right to extend any of the three TGP contracts that originate from Dracut, Massachusetts (which include the TGP Contract at issue in this docket and two similar contracts with TGP²), Liberty shall file with Energy an updated supply deficiency analysis using the planning standard in set forth in Section 3.1.

SECTION 4. PROPANE FACILITIES

4.1 The Company shall request Commission approval no less than 12 months prior to retiring any of the Company's propane or LNG facilities.³ The Company shall submit to Energy, within

¹ RSA 378:38 states that "each electric and natural gas utility ... shall file a least cost integrated resource plan with the commission within 2 years of the commission's final order regarding the utility's prior plan, and in all cases within 5 years of the filing date of the prior plan." Liberty's prior LCIRP was filed on October 2, 2017. *See* Docket No. DG. 17-152.

² The two prior TGP contract numbers 42076 and 72694 provide for capacity of up to 20,000 Dth/day and 30,000 Dth/day, respectively, from Dracut, Massachusetts located in Zone 6 to the Company's city-gates, with expiration dates of October 31, 2025, and October 31, 2029, respectively.

³ These conditions related to "propane facilities" shall exclude the Company's propane facility in Keene, which is subject to separate regulatory conditions.

30 days of completion, any assessments or studies conducted of such facilities, including the assessment of potential impacts on Company operations, maintenance, and emergency use with respect to periods of restrictions or interruption of traditional interstate pipelines, and with respect to periods of high demand and potential impacts on supply costs. Any future updates to such assessments shall be provided to Energy within 30 days of completion and within six months prior to any Company request for approval of the retirement of any propane or LNG facilities, and shall be included in future LCIRP filings.

4.2 The Company shall file with Energy annual reports of customer complaints received during the preceding winter related to the Company's use of propane as follows:

- a. The name of the customer making the complaint, and the address or location of the customer's end use appliances and, if available, a list of all appliances affected including make, model, and approximate age;
- b. The date and time of the complaint and when the Company became aware of the complaint;
- c. The nature of the complaint;
- d. The approximate distance between the relevant propane plant and the customer's location;
- e. The most current version of the following information: plant output by temperature, representative maps of computer models indicating where propane-air travels in the distribution system;
- f. The most current version of the models that show proposed gas quality for different mixes of propane-air blended with pipeline gas at the Liberty plant outlet as it goes into the distribution system;
- g. Once the Company implements proposed upgrades to the plant control systems, the Company will provide historical data for actual blend ratio, Wobbe and gas density to the SCADA system;

- h. The details of the Company's propane injection (time, duration; quantity, BTU measurements); and
- i. A description of the Company's actions to investigate and resolve the complaint.

These reports shall be filed by May 20 of each year, beginning with May 20, 2022.

SECTION 5. ON-SYSTEM ENHANCEMENTS

5.1 The TGP Contract may require certain on-system enhancements, which may include construction of a distribution main that will run from the Granite Ridge transmission line in Londonderry to the end of the existing Nashua sub-transmission feeder near the Budweiser plant in Merrimack, known as the "Budweiser Line."⁴ No less than 90 days prior to commencing construction of the Budweiser Line, Liberty shall provide Energy with detailed engineering and construction plans and the Company's most recent cost estimates for the Budweiser Line project. These on-system enhancements are not part of this Settlement Agreement and the Commission's approval of the TGP Contract and this Settlement Agreement does not impute pre-approval by the Settling Parties of the prudence of any such system enhancements that may be undertaken in the future. Liberty may request recovery of such investments in a future rate case and nothing in this Settlement Agreement precludes any of the Settling Parties from opposing such a request.

SECTION 6: COST RECOVERY

6.1 Liberty shall recover the costs associated with the TGP Contract through its Cost of Gas tariff.

⁴ See Direct Testimony of Francisco C. DaFonte and William R. Killeen Testimony at Bates 026, 028, 035.

SECTION 7: EFFECTIVE DATE

7.1 This Settlement Agreement is subject to and shall become effective on the date of Commission approval.

SECTION 8. GENERAL PROVISIONS

8.1 This Settlement Agreement is expressly conditioned on the Commission's acceptance of all provisions, without change or condition. If the Commission does not accept this Settlement Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Settlement Agreement, and any of the Settling Parties notify the Commission within five business days of their disagreement with any such changes, conditions, or findings, the Settlement Agreement shall be deemed to be withdrawn, in which event it shall be null and void and without effect, shall not constitute any part of the record in this proceeding, and no party to this proceeding may rely on this agreement for any other purpose.

8.2 The Settling Parties agree that the Commission's approval of this Settlement Agreement shall not constitute continuing approval of, or precedent for, any particular principle or issue, but such acceptance does constitute a determination that the TGP Contract and associated settlement conditions are reasonable and consistent with the public interest.

8.3 This Settlement Agreement shall not be deemed an admission by any of the Settling Parties that any allegation or contention in this proceeding by any other party, other than those specifically agreed to here, is true and valid. This Settlement Agreement shall not be construed to represent any concession by any Settling Party regarding specific positions taken with respect to the Company's proposals in this docket, nor shall this Settlement Agreement be deemed to foreclose any Settling Party in the future from taking any position in any subsequent proceedings. The

conditions agreed to in this Settlement Agreement are settlement positions that reflect a compromise of all issues in this proceeding.

8.4 The pre-filed testimony and supporting documents previously filed in this proceeding are not expected to be subject to cross-examination by the Settling Parties, which would normally occur in a fully litigated case. The Settling Parties agree that the Commission should admit all pre-filed testimony and supporting documents as exhibits for the purpose of considering this Settlement Agreement and should give those exhibits whatever weight it deems appropriate. Consent by the Settling Parties to admit pre-filed testimony without challenge does not constitute agreement by any of the Settling Parties that the content of the pre-filed testimony is accurate or that the views of the witnesses should be assigned any particular weight by the Commission. The resolution of any specific issue in this Settlement Agreement does not indicate the Settling Parties' agreement to such resolution for purposes of any future proceedings, nor does the reference to any other document bind the Settling Parties to the contents of, or recommendations in, that document for purposes of any future proceeding. The Commission's approval of the recommendations in this Settlement Agreement shall not constitute a determination or precedent with regard to any TGP Contract terms, but rather shall constitute only a determination that the Company's decision to enter into the TGP Contract was prudent. The Settling Parties agree to forego cross-examining witnesses of the Settling Parties regarding their pre-filed testimony and, therefore, the admission into evidence of any such witness's testimony or supporting documents shall not be deemed in any respect to constitute an admission by any Settling Party that any allegation or contention in this proceeding is true or false, except that the sworn testimony of any such witness shall constitute an admission by such witness.

8.5 The rights granted to and the obligations imposed on the Settling Parties by this Settlement Agreement shall be binding on or inure to the benefit of any successors in interest as if such successor was a signatory party. The Settling Parties agree to cooperate in advocating that the Commission should approve this Settlement Agreement in its entirety and without modification.

8.6 The discussions that produced this Settlement Agreement were conducted with the understanding that all offers of settlement and settlement discussions relating to this docket shall be confidential, shall not be admissible as evidence in this proceeding, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in connection with any future proceeding or otherwise. The content of these negotiations, including any documents prepared during such negotiations for the purpose of reaching a settlement, shall be privileged and all offers of settlement shall be without prejudice to the position of any party presenting such offer.

8.7 This Settlement Agreement may be executed by facsimile, electronic signature, and in multiple counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one agreement binding on the Settling Parties.

SECTION 9. CONCLUSION

9.1 The Settling Parties affirm that the proposed Settlement Agreement will result in a contract that is reasonable and prudent and should be approved by the Commission.

[signature pages follow]

Dated: September 24, 2021

Liberty Utilities (EnergyNorth Natural Gas) Corp.
d/b/a Liberty



By its Attorney, Michael J. Sheehan

Dated: September 24, 2021

New Hampshire Department of Energy

/s/ Paul B. Dexter

By its Attorney, Paul B. Dexter, Esq.
Staff Attorney/Hearings Examiner

Dated: September __, 2021

Office of the Consumer Advocate

By the Consumer Advocate, Donald M. Kreis

Dated: September 24, 2021

Liberty Utilities (EnergyNorth Natural Gas) Corp.
d/b/a Liberty

By its Attorney, Michael J. Sheehan

Dated: September __, 2021

New Hampshire Department of Energy

By its Attorney, Paul B. Dexter

Dated: September 23, 2021

Office of the Consumer Advocate



By the Consumer Advocate, Donald M. Kreis