

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

Docket No. DG 21-XXX

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

Approval of a Special Contract with Granite Ridge Energy, LLC

DIRECT TESTIMONY

OF

WILLIAM R. KILLEEN

June 25, 2021



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1 **I. INTRODUCTION**

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

3 A. My name is William R. (Bill) Killeen. I am Director, Energy Procurement, of Liberty
4 Utilities (Canada) Corp., the indirect parent company of Liberty Utilities (EnergyNorth
5 Natural Gas) Corp. (“Liberty” or “the Company”). My business address is 354 Davis Road,
6 Oakville, Ontario, Canada.

7 **Q. On whose behalf are you submitting this Direct Testimony?**

8 A. This Direct Testimony is submitted before the New Hampshire Public Utilities
9 Commission (the “Commission”) on behalf of Liberty.

10 **Q. Mr. Killeen, please summarize your educational and professional background.**

11 A. I earned a Bachelor of Engineering Science (Chemical) degree from the University of
12 Western Ontario (now Western University) in 1985. I also earned a Master of Business
13 Administration degree from the Ivey School of Business at Western University in 1989.

14 I have 32 years of professional experience in the energy and utilities industries in the areas
15 of regulation, supply, operations, and customer service. I have worked at natural gas
16 utilities and electric utilities, as well as in consulting, marketing, and government positions.

17 Early in my career, I was employed by Union Gas Limited, a major natural gas utility
18 serving over 1.4 million customers in Ontario, Canada, for twelve years in varying
19 capacities, including regulatory and supply. Prior to joining Liberty in February 2014, I
20 was employed by Enersource Hydro Mississauga Inc., a major electric utility serving the
21 City of Mississauga, Ontario, for three years as Manager, Regulatory Affairs. In between

1 my employment at these two large utilities, I was employed at various other companies,
2 always retaining responsibility for oversight of regulatory affairs and supply, typically in
3 Ontario or eastern Canada. These companies included Engage Energy Canada Inc., Direct
4 Energy as Manager, Regulatory Affairs, and a consulting company, ECNG Energy LP, as
5 Director, Supply and Regulatory Affairs for eight years. Following ECNG, I spent a brief
6 tenure within the Ministry of Energy of the Ontario Government.

7 **II. PURPOSE AND OVERVIEW**

8 **Q. What is the purpose of your Direct Testimony?**

9 A. The purpose of this Direct Testimony is to support the Company's request for Commission
10 approval of Liberty's Gas Transportation Agreement ("GTA" or the "new contract") with
11 Granite Ridge Energy, LLC ("Granite Ridge") for a firm transportation service of up to
12 130,000 dekatherms ("Dth") per day from an existing meter station with Tennessee Gas
13 Pipeline Company ("TGP") in Londonderry, New Hampshire, to the Granite Ridge Energy
14 Center, a natural gas-fired power plant, also in Londonderry, New Hampshire (the "Granite
15 Ridge facility"), which agreement was executed on May 13, 2021. This GTA is subject to
16 Commission approval as a "special contract" because the rate charged under the GTA
17 varies from the rates that would otherwise be charged under Company's tariff.

1 **Q. Please explain the existing Gas Transportation Agreement between Granite Ridge**
2 **and the Company?**

3 A. The Company's Londonderry Lateral is a 2.7-mile, high pressure pipeline that connects the
4 transmission line owned by TGP, known as the Concord Lateral, with the Granite Ridge
5 facility.

6 The existing GTA (the "existing contract"), signed by AES Londonderry, LLC, Granite
7 Ridge's predecessor ("AES"), and EnergyNorth Natural Gas, Inc., Liberty's predecessor
8 ("EnergyNorth"), provides for EnergyNorth to construct, own, and operate the
9 Londonderry Lateral, for EnergyNorth to provide a firm transportation service to the AES
10 power plant over the new lateral, and for AES to pay both a fixed demand charge and a
11 variable charge based on consumption, with an inflation escalator.

12 The existing contract precluded EnergyNorth from serving any other customers off the
13 Londonderry Lateral; AES was to remain the lateral's sole customer.

14 The term of the existing contract is 20 years from the "in service date," which was
15 September 14, 2001, through September 14, 2021. Thereafter, the existing contract would
16 continue on a year-to-year basis, unless terminated by either party on 12 months' notice.

17 The New Hampshire Site Evaluation Committee approved construction of the Londonderry
18 Lateral and the Granite Ridge facility in 1999, and the Commission approved the existing
19 contract in 2001. *See* Order No. 23,657 (March 22, 2001).

1 **Q. Please explain the changes in ownership during the term of the existing contract.**

2 A. Since signing the existing contract, Granite Ridge assumed the rights and obligations of
3 AES, and Liberty assumed the rights and obligations of EnergyNorth.

4 **Q. Have the revenues collected during the term of the existing contract exceeded the**
5 **construction costs?**

6 A. Under the terms of the existing contract, Granite Ridge has paid to Liberty demand charges
7 that have increased to approximately \$[REDACTED]/year over the past few years. The total paid
8 since 2001 far exceeds the original construction costs.

9 **Q. The existing contract contains a termination provision that either party can exercise**
10 **following the initial twenty-year term. Has either party provided notice of**
11 **termination? If so, please explain.**

12 A. On July 23, 2020, Liberty provided Granite Ridge notice that Liberty was exercising its
13 right to terminate the existing contract as of September 14, 2021, the end of the existing
14 contract's 20 year term.

15 Liberty decided to terminate the existing contract because, on July 14, 2020, Liberty signed
16 a new contract with TGP for capacity on the Concord Lateral of 40,000 Dth/day,¹ to be
17 delivered to TGP's Londonderry meter station, the same station that currently serves the
18 Londonderry Lateral. In order to optimize the incremental TGP capacity contract and
19 provide increased reliability and resiliency to its customers, Liberty intends to build new

¹ See Docket No. DG 21-008.

1 distribution facilities that would connect the Londonderry Lateral to its Nashua and
2 Manchester distribution systems.

3 As stated previously, the existing contract does not allow Liberty to tap into the
4 Londonderry Lateral. Thus, Liberty exercised its right to terminate the existing contract
5 so that it could negotiate a new GTA that would allow Liberty to tap into the Londonderry
6 Lateral and deliver incremental gas supplies to its customers in the Nashua and Manchester
7 distribution systems.

8 **Q. And could you please explain what happened following the termination notice?**

9 A. Liberty and Granite Ridge successfully negotiated the new GTA which the Company now
10 presents to the Commission for approval.

11 The new contract, dated May 13, 2021, will replace the existing contract when it expires
12 on September 14, 2021.

13 **III. DESCRIPTION OF THE GRANITE RIDGE GAS TRANSPORTATION**
14 **AGREEMENT.**

15 **Q. What are the material terms of the new Granite Ridge GTA?**

16 A. The new Granite Ridge GTA is provided as Confidential Attachment WRK-1 and contains
17 the following material terms:

- 18 • An initial term of September 15, 2021, to October 31, 2026 (five years plus one and
19 a half months), with the right for Granite Ridge to renew for two subsequent five-
20 year periods until October 31, 2036. The new contract would thereafter continue

1 on a year-to-year basis unless terminated by either party with one year’s written
2 notice.²

- 3 • up to 130,000 Dth/day of firm transportation service over the Londonderry Lateral;
- 4 • the right for Liberty to connect new facilities to the Londonderry Lateral;
- 5 • the requirement that Granite Ridge relinquish its rights to be the “operator” of the
6 existing meter station on the TGP Concord Lateral in Londonderry, New
7 Hampshire;³ and
- 8 • a fixed annual demand charge of \$ [REDACTED], with an inflation escalator.⁴

9 **IV. RELIEF SOUGHT IN THIS FILING**

10 **Q. Why is the Company seeking Commission approval of the new contract?**

11 A. This new GTA provides for service to Granite Ridge under “rates other than those fixed by
12 its schedules of general application.” RSA 378:18. Therefore, Liberty must seek
13 Commission approval and demonstrate that the terms of the new contract, a “special
14 contact,” are in the public interest.

² Specifically, the initial term is September 15, 2021, to October 31, 2026. Granite Ridge may elect to extend the contract for an additional five years, until October 31, 2031, by providing written notice by October 31, 2025. If Granite Ridge so elects, it will have a similar option to extend the term until October 31, 2036, by providing written notice to Liberty on or before October 31, 2030. Thereafter, the Agreement shall continue yearly, unless terminated by either party by providing at least twelve months’ prior written notice to the other party.

³ The new contract requires Granite Ridge to designate Liberty as operator of the interconnection facilities between Liberty and TGP known as “Granite Ridge – 420931.”

⁴ The demand charge will be collected in monthly payments, commencing at \$ [REDACTED] per month, which will escalate by 2% each contract year, with the first escalation commencing on November 1, 2022.

1 **Q. Why does Liberty believe this new contract is in the public interest?**

2 A. The new contract is in the public interest for the following reasons:

- 3
- 4 • Liberty will have the right to connect new facilities to the Londonderry Lateral so
5 that it can best optimize the capacity recently acquired from TGP and provide
6 additional reliability and resiliency to its customers served by the Nashua and
7 Manchester distribution systems;
 - 8 • Liberty’s customers will receive revenues similar to those being paid under the
9 existing contract, with appropriate inflation-based increases over time;
 - 10 • Liberty will become the “meter operator” at the existing TGP meter station in
11 Londonderry, New Hampshire, which will allow Liberty to better manage its supply
12 deliveries under the new TGP capacity contract; and
 - 13 • Granite Ridge, an important electric generating facility in New Hampshire that is
14 committed to providing reliable electric generation into the ISO-NE electric grid,
15 will receive the reliable firm transportation service to access the natural gas supplies
that are necessary to run its facility.

16 **Q. Are any additional facilities or investments needed to provide service under the new**
17 **contract?**

18 A. No.

1 **Q. Will the new Granite Ridge GTA impact the Company's supply procurement**
2 **portfolio?**

3 A. No. Granite Ridge is responsible for purchasing and delivering its own gas supply to
4 TGP's Londonderry meter station, and Liberty is simply responsible for delivering that
5 supply on the Londonderry Lateral to the Granite Ridge generating facility. Liberty is not
6 responsible to provide any additional supply to Granite Ridge so there is no impact on the
7 Company's gas supply portfolio.

8 **V. CONCLUSIONS AND RECOMMENDATION**

9 **Q. Please summarize your conclusions and recommendation.**

10 A. Liberty believes the Company's GTA with Granite Ridge for firm transportation service
11 up to 130,000 Dth per day from the existing Londonderry, New Hampshire, meter station
12 to the Granite Ridge facility, which was executed on May 13, 2021, is in the public interest
13 and therefore requests the Commission to approve this contract.

14 **Q. Does this conclude your Direct Testimony?**

15 A. Yes, it does.