



July 1, 2024

Via Electronic Filing

Daniel Goldner, Chairman
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

RE: DG 23-087 Northern Utilities, Inc. Amendments to Empress Capacity Agreements

Chairman Goldner:

In August 2023, Northern Utilities, Inc. (“Northern” or the “Company”) entered into the following agreements with Portland Natural Gas Transmission System (“PNGTS”) and TransCanada Pipeline Limited:

1. Gas Transportation Contract for Firm Transportation Service between Portland Natural Gas Transmission System and Northern Utilities, Inc. dated August 22, 2023 (PNGTS Agreement);
2. 2024 Precedent Agreement between TransCanada PipeLines Limited and Northern Utilities, Inc. dated August 21, 2023 (2024 TCPL PA);
3. Firm Transportation Service Contract between TransCanada PipeLines Limited and Northern Utilities, Inc. dated August 21, 2023 (TCPL Agreement);
4. Precedent Agreement between Northern Utilities, Inc., and TransCanada PipeLines Limited dated August 21, 2023 (2027 TCPL PA).

Together these Agreements establish initial commitments between Northern and PNGTS and TCPL to provide a firm natural gas pipeline transportation capacity path from Empress, Alberta to Northern’s interconnections with its affiliate, Granite State Gas Transmission; collectively, these Agreements comprise the Empress Capacity path. DG 23-087, Petition at (October 5, 2023). The Agreements will provide Northern with the ability to add 12,500 Dth/day of incremental capacity to Northern’s gas supply portfolio

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with service beginning April 1, 2024, for a thirty-year term. DG 23-087, Order Approving Settlement Agreement at 1 (Order No. 26,939, January 26, 2024).

The Commission approved Northern's entry into these Agreements, concluding that it was prudent, reasonable, and consistent with the public interest for Northern to do so and finding, *inter alia*, the Agreements "are a reasonable supply option that will enable Northern to meet a portion of its identified incremental resource need while enhancing reliability and price stability for its customers." *Id.* at 11-12. The Settlement Agreement entered into between Northern and the Department of Energy (DOE) and approved by the Commission further obliges Northern to provide certain reports to the DOE, Office of the Consumer Advocate, and the Commission in the event of, among other things, unfavorable regulatory decisions, a material increase in actual or projected costs, or material changes in cost allocation due to decisions or actions of the transporter. *Id.* at 8.

At the time that Northern entered into the Agreements, TCPL expected to construct new facilities to support this capacity offering beginning November 1, 2027. As such, the 2024 TCPL PA and TCPL Agreement anticipate service from April 1, 2024 through October 31, 2027, and the 2027 TCPL PA anticipates service from November 2027 through March 2054. 2023-00254, Petition at 3 (October 5, 2023). Notwithstanding these anticipated service dates, the Agreements collectively allow that service may commence under the 2027 TCPL PA on a date after November 1, 2027, and that service under the TCPL Agreement may therefore extend beyond October 31, 2027. See 2023-00254, Petition Attachment 4 at 1 (noting that the 2027 TCPL PA "commits [Northern] to enter into a Firm Transportation Agreement for commencement on November 1, 2027 *or as soon as possible thereafter*."); Petition Attachment 5 at 4 (indicating that service under the TCPL Agreement may extend past October 31, 2027); Petition Attachment 6 (Redacted) at 1 (stating, in Recital C of the 2027 TCPL PA, that the in-service date would be "November 1, 2027 *or as soon as possible thereafter*").

On June 10, 2024, TCPL advised Northern by letter that the project scope for the underlying expansion facilities required for service commencing on November 1, 2027 is being modified to reduce permitting risk and potentially reduce the overall cost of the project. TCPL also represented that it required additional time to refine the project scope and costs prior to seeking internal approvals, and that it had secured an extension of the operational agreement necessary to continue service under the TCPL Agreement for the additional period of time. A copy of TCPL's June 10, 2024 letter is enclosed as Attachment 1.

Included with the letter were amendments to the TCPL Agreement and the 2027 TCPL PA for Northern's review and execution (the "TCPL Amendments"). The TCPL Amendments modify the TCPL Agreement and 2027 TCPL PA as follows:

- The TCPL Agreement, Section 5.1(c) is amended by deleting the reference to "October 31, 2027" and replacing it with "October 31, 2029" to reflect the new termination date of TCPL's operational arrangements and by extension the termination date of the TCPL Agreement;



- Recital C in the 2027 TCPL PA is amended by deleting the In-Service Date of “November 1, 2027” and replacing it with “November 1, 2029” to reflect the new target In-Service date of the revised facility set;
- The sunset date in Section 13(h)(i) and Section 13(h)(ii) of the 2027 TCPL PA is amended by deleting the references to “May 1, 2027” and replacing them with “May 1, 2029”; and
- In Section 13(k) of the 2027 TCPL PA, the date for internal approvals is amended by deleting the reference to “June 30, 2024” and replacing it with “April 1, 2026”.

Copies of the Amendments are enclosed as Attachments 2 and 3, respectively.

Though the Company does not believe these Amendments are specifically considered as decision points as described in the Settlement Agreement and Order, the Company believes it is appropriate to bring them to the Commission’s attention. **Critically, these Amendments do not result in any disruption to the firm service obligations under the TCPL Agreement; do not affect pricing under the Agreements; and do not extend the combined term of the Agreements beyond the 30-year period previously approved by the Commission.** The volumes available to the Company and the price paid by the Company under the Agreements remain unchanged during the full 30-year period. As such, there is no impact to Northern’s customers as a result of the Amendments. Furthermore, the change to the in-service date in the 2027 TCPL PA will result in a reduction to the near-term project expenditures, as shown on the updated exposure profile enclosed as CONFIDENTIAL Attachment 4. Please note, the Commission granted confidential treatment to this information in Order No. 26,939 in the above-referenced docket.

Please do not hesitate to contact me with any questions regarding this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick H. Taylor", written over a horizontal line.

Patrick H. Taylor
Attorney for Northern Utilities, Inc.