

Paul Markwardt  
VP & Deputy GM  
BAE Systems  
Electronic Systems Sector  
P.O. Box 868  
Nashua, NH 03061-0868



June 15, 2015

Debra Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301-2429

Dear Ms. Howland,

BAE Systems is the state’s largest manufacturer and a major consumer of energy. The company has 4,500 employees at our facilities in New Hampshire and thousands more at other locations throughout the country. As a large consumer of energy, with facilities outside of the region, we believe we have a unique perspective on the cost of energy and its impact on New Hampshire’s economy.

As one of Liberty Utilities’ largest customers, BAE Systems urges the New Hampshire Public Utilities Commission to approve the proposed agreement between Liberty Utilities and Tennessee Gas Pipeline for firm capacity of up to 115,000 Dth per day. After reviewing the testimony filed in this proceeding, it is clear that approval of this agreement will result in several benefits to Liberty Utilities’ customers, including access to lower cost resources from the Marcellus and Utica Shale Basins, increased reliability of the company’s gas distribution system and the opportunity for future growth and expansion, which benefits all customers.

Last year BAE Systems spent \$2 million on natural gas in New Hampshire. While access to natural gas allows for considerable savings over oil or propane, the costs of procuring this commodity in New Hampshire is significantly higher than at any of the company’s facilities in other regions of the country. This disparity in cost has put our operations in New Hampshire at a competitive disadvantage. This agreement represents an opportunity to remove part of that disadvantage and give us the ability to compete with other facilities across the country on a more level playing field. Controlling energy costs is a key driver to our success in New Hampshire and our ability to grow in the state, add to the state and local tax base, employ more New Hampshire residents and contribute to the state Gross Domestic Product.

There are two benefits of this proposed agreement that are particularly attractive to BAE Systems as a customer of Liberty Utilities. First, the replacement of 50,000 Dth per day of capacity that Liberty Utilities currently uses to procure gas from Dracut, MA, one of the most expensive and volatile supply points in the country, to its city gates on the Concord Lateral. Replacement of this higher cost capacity will result in considerable cost savings for Liberty Utilities’ existing customers. In addition, having access to the Marcellus and Utica Shale Basins will provide Liberty Utilities customers with greater flexibility, reliability and the ability to tap a lower-cost supply, as they look to Liberty Utilities for capacity resources.

Lack of adequate infrastructure to bring low-cost energy resources into the region has led to extreme market fluctuations in both natural gas and electricity commodity prices. This agreement between Liberty Utilities and Tennessee Gas Pipeline represents a significant step forward towards addressing the capacity constraints that have plagued our region over the last few years, which show no signs of abating. We urge the Commission to approve this agreement and allow New Hampshire's businesses to benefit from this gas pipeline expansion project.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "PG Markwardt". The signature is written in a cursive, somewhat stylized font.

Paul Markwardt  
Vice President and Deputy General Manager  
BAE Systems Electronic Systems