



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

Docket No. DG 15-_____

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Petition for Expansion of Franchise to the Towns of Pelham and Windham, New Hampshire

DIRECT TESTIMONY

OF

WILLIAM J. CLARK

August 31, 2015

1 **I. INTRODUCTION**

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

3 A. My name is William J. Clark. My business address is 15 Buttrick Road, Londonderry,
4 NH 03053.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Liberty Utilities Service Corp. (“Liberty Utilities”) as the Business
7 Development Professional. In that capacity, I am responsible for creating new business
8 opportunities for Liberty Utilities (EnergyNorth Natural Gas) Corp. (“EnergyNorth” or
9 the “Company”) and Liberty Utilities (Granite State Electric) Corp. (“Granite State
10 Electric”) and working with existing customers and local, regional and state officials to
11 ensure their utility needs are being met by Liberty Utilities.

12 **Q. On whose behalf are you testifying today?**

13 A. I am testifying on behalf of EnergyNorth.

14 **Q. Please state your educational background and professional experience.**

15 A. I graduated from St. Anselm College in Goffstown, New Hampshire, with a Bachelor of
16 Science degree in Financial Economics in 1991. In 1992, I began my career at Boston
17 Gas Company. During this time, I was a member of the Steel Workers of America, Local
18 12007 and held various positions in gas distribution and customer service, as well as
19 being a union official. In 1998, I was employed by National Grid to start an unregulated

1 energy service subsidiary, where I worked as a Sales Account Manager until 2010. In
2 2010, when National Grid sold this business, I was employed by National Grid as a
3 Commercial Gas Sales Representative, working in EnergyNorth’s service territory. In
4 2012, I joined Liberty Utilities and progressed into my current position as the Business
5 Development Manager. In this role, I am responsible for organic growth opportunities
6 and commercial development for both EnergyNorth and Granite State Electric.

7 **Q. Have you previously testified before this Commission?**

8 A. Yes. I testified before the New Hampshire Public Utilities Commission (the
9 “Commission”) in Docket No. DG 14-091 regarding a Special Contract and Lease
10 Agreement with Innovative Natural Gas, LLC d/b/a iNATGAS pertaining to construction
11 of a compressed natural gas facility in Concord, New Hampshire, as well as Docket No.
12 DG 14-380 regarding the Precedent Agreement between EnergyNorth and Tennessee Gas
13 Pipeline Company for capacity on the proposed Northeast Energy Direct Pipeline.

14 **Q. What is the purpose of your testimony today?**

15 A. My testimony will include analysis of the potential to serve the towns of Windham and
16 Pelham through extension of EnergyNorth’s distribution system in adjacent communities.
17 I will also discuss outreach Liberty Utilities has conducted within the towns and a
18 timeline of events leading up to this request for franchise rights, as well as why the
19 Company believes granting these franchises are in the public good.

1 **Q. When did EnergyNorth begin exploring the opportunity to extend service to the**
2 **Towns of Windham and Pelham?**

3 A. In December 2013, I was contacted by the Windham Local Energy Committee (LEC),
4 regarding its interest in exploring the feasibility of expanding gas service into Windham.
5 The first meeting between the LEC and EnergyNorth occurred on December 11, 2013, at
6 which time the Company agreed that it would begin an analysis on the potential to serve
7 within the town. For the next few months there was an exchange of information between
8 the Company and the LEC. On May 19, 2014, the LEC made a presentation to the
9 Windham Board of Selectman: “Potential Natural Gas Service for Windham.” The LEC
10 was instructed to continue its work including communication with EnergyNorth and
11 demographic research in support of potential gas service in the town.. At that time,
12 EnergyNorth began evaluating potential routes for extension of gas mains from Hudson,
13 Londonderry and Derry into the town.

14 In September 2014, I contacted the Planning Director for the town of Pelham to discuss
15 the potential of including Pelham in EnergyNorth’s franchise expansion plan. Based on
16 the town’s interest, I met with the Planning Director and the Economic Development
17 Committee on September 23, 2014, and discussed the feasibility of natural gas along the
18 Route 38 business corridor, service to town buildings and schools and expansion to
19 residential neighborhoods.

1 **Q. Had the Company received any direct inquiries from potential customers about**
2 **service in these towns?**

3 A. Yes. Since acquiring EnergyNorth in 2012, the Company has received inquiries from
4 both individuals and businesses in Windham and Pelham that have expressed interest in
5 receiving gas service. To date, these customers have been informed that the Company is
6 evaluating service to the towns and once a franchise application has been filed a more
7 intense marketing effort will be undertaken. The results of the marketing and outreach
8 program will enable the Company to construct a heat map of the neighborhoods which
9 will allow for planning the subsequent phases of construction.

10 **Q. What was the basis for the Company's decision to seek a franchise to serve these**
11 **towns?**

12 A. Factors that assist in determining whether to extend the Company's mains to provide gas
13 service include expressions of interest from the target customer base, residential density,
14 commercial base, feasibility of construction, associated costs and potential non-cost
15 benefits, such as reliability enhancements. The towns of Pelham and Windham have met
16 all of these criteria. As mentioned above, officials from both towns have inquired about
17 the feasibility of gas service, the Company has received calls from potential customers
18 seeking service, initial construction estimates for the Phase 1 builds have been favorable
19 and the eventual connection of these new distributions systems, and the new take station
20 to the existing EnergyNorth distribution systems in neighboring towns, could enhance

1 reliability to those towns. Demographic data for both towns also show clusters of
2 residential neighborhoods that show promise for future expansions.

3 **Q. Based on the estimated gas load and demographic data, what is the potential for**
4 **these communities?**

5 A. Windham and Pelham have over 8800 single family residential structures combined. Both
6 towns also have commercial centers which stretch along Route 111 in Windham and
7 Route 38 in Pelham. Both towns have strong school systems which should result in
8 continued growth in the residential market. Both communities should also realize
9 residential and commercial development as a result of the Interstate 93 upgrade currently
10 underway in southern New Hampshire. During discussions with the towns' economic
11 development representatives, they both indicated that they are seeking commercial
12 growth along the Route 38 and Route 111 corridors to provide additional tax revenue.
13 These representatives believe the availability of natural gas will enhance the
14 attractiveness of these communities in their attempts to attract commercial development.
15 Over the coming years, EnergyNorth expects to have a majority of the commercial
16 corridors in both towns served by natural gas, including town buildings and schools, as
17 well as reaching approximately 2500 residential customers.

1 **Q. Has the Company identified where the initial distribution system will be installed in**
2 **each of the towns?**

3 A. A map of the initial distribution system in Pelham is included as Attachment WJC-1 and
4 depicts the initial build-out along Route 38, continuing west up Willow Street, and then
5 proceeding north on Marsh Road to the Village Green. The gas mains for this phase will
6 be as follows: 1500' of 2" main, 1150' of 4" main, 8625' of 6" main and 3200' of
7 8"main. This route will pass by all Pelham town buildings on the Village Green (Police,
8 Fire, Town, Library etc.), all three Pelham public schools, 55 residences and numerous
9 commercial buildings including Tractor Supply, Chunky's Cinema, Dunkin Donuts,
10 McDonalds, Walgreen's, Rite Aid, and Price Chopper along with various banks and
11 smaller commercial units.

12 A map of the initial distribution system in Windham is included as Attachment WJC-2
13 and depicts an extension of the Company's existing distribution piping along the Hudson
14 and Windham border, extending the gas main from Lund Drive in Hudson, onto Sullivan
15 Road and then Bridle Bridge Road in Windham. Once in Windham, the new main will
16 continue east then south on Mammoth Road and through two subdivisions. This
17 extension totals just over 2.4 miles and will serve mostly residential customers, until new
18 main is installed along Route 111 in later phases of development.

1 **Q. Do these line extensions conform to the existing EnergyNorth line extension policy**
2 **under the tariff?**

3 A. Yes. EnergyNorth is allowed to utilize 6 years of commercial Estimated Annual Margin
4 (also referred to as Gross Profit Margin, or “GPM”) and 8 years of residential GPM to
5 determine whether an up-front payment is required from the customer(s). If the estimated
6 cost of construction is less than the sum of 6 times the commercial GPM plus 8 times the
7 residential GPM, no up-front payment is required. The direct cost for the Pelham
8 construction, including services and meters, is estimated at \$940,224, while the total
9 GPM potential for this phase is \$1,069,122 (see Attachment WJC-3 and Attachment
10 WJC-4). For the Windham extension, direct costs including services, totals
11 approximately \$692,993 while the GPM potential equates to \$856,440 (see Attachment
12 WJC-5 and Attachment WJC-6). Therefore, both of these projects are revenue justified
13 under the existing line extension policy of EnergyNorth.

14 **Q. Would any other construction be required to serve these territories?**

15 A. Yes. A new interconnection will need to be constructed on the existing Concord Lateral
16 in Pelham, the cost of which has been estimated at \$1,249,779.

17 **Q. Would this new interconnection eventually be connected to the rest of the**
18 **EnergyNorth distribution system?**

19 A. Yes. After a few years of strategic growth, the Pelham and Windham distribution
20 systems will be connected to the Hudson, Londonderry and Derry distribution systems,

1 which will provide increased reliability to the Company's system. For instance, if the
2 Hudson or Londonderry take stations are experiencing constraints, the new
3 interconnection could provide pressure support. Also, the addition of customers will help
4 spread the Company's fixed costs across a larger base and will ultimately lower certain
5 costs to all of the Company's customers.

6 **Q. How does the Company plan to serve these towns regarding gas supply?**

7 A. The Company intends to serve these new franchise towns from the existing Concord
8 Lateral and consistent with its supply planning under its last approved Least Cost
9 Integrated Resource Plan.

10 **Q. When does EnergyNorth intend to begin construction on these proposed facilities?**

11 A. Upon awarding of the franchise rights to serve Windham and Pelham, EnergyNorth will
12 begin acquiring all required town and state permits, as well as begin the sales and
13 marketing process to sign up new customers. We estimate that construction could begin
14 in spring of 2016 with customers along these routes receiving service during the summer
15 and fall of 2016.

16 **Q. Does the Company have the managerial, technical and financial ability to operate in
17 these franchise areas?**

18 A. Yes. As the largest natural gas distribution utility in the state currently serving nearly
19 90,000 customers, the Company has demonstrated that it has the ability to provide safe,

1 reliable natural gas service in a diversity of municipalities across the state. The Company
2 will rely on its existing managerial, technical and financial capabilities to serve customers
3 in Pelham and Windham. All that is required is the construction of the distribution
4 system, an area in which the Company has significant expertise, as demonstrated by Mr.
5 MacDonald's testimony.

6 **Q. Will the Company need to add employees in order serve these communities?**

7 A. No. As explained in the testimony of Mr. MacDonald, Gas Operations can
8 accommodate these towns with existing personnel due to the proximity of surrounding
9 EnergyNorth towns. Similarly, the Company's existing customer service, sales and
10 marketing, energy procurement, and other departments can meet the needs generated by
11 these additional customers with existing resources.

12 **Q. Has EnergyNorth notified the Towns of this franchise application?**

13 A. Yes, the Company has met with municipal officials from Windham and Pelham to notify
14 them of this filing. The Company has agreed to make several public presentations in each
15 town before the Boards of Selectmen and Planning Boards to provide an overview of the
16 proposal and address any issues identified by the towns.

1 **Q. Do you believe granting EnergyNorth franchise rights to Windham and Pelham is in**
2 **the public good?**

3 A. Yes. Expanding gas service to Windham and Pelham will enable these communities to
4 have access to a cleaner, more convenient, and more cost effective fuel than is currently
5 available. In addition, the availability of natural gas may position the towns to be more
6 competitive recruiting commercial growth given that the surrounding New Hampshire
7 communities of Salem, Derry, Londonderry, and Hudson all have natural gas available,
8 as do nearby Dracut, Methuen and Tyngsborough, Massachusetts. In addition, this
9 expansion is consistent with the findings of New Hampshire’s 10-Year State Energy
10 Strategy, which promotes the expansion of natural gas, diversity of fuel choices and
11 increasing the availability of energy efficiency programs. Finally, EnergyNorth’s existing
12 customers will benefit from increased reliability and the ability to spread fixed costs over
13 a larger customer base, thus reducing future rate levels.

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

15 A. Yes, it does.

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