



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

Docket No. DG 15-362

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

**SUPPLEMENTAL TESTIMONY
OF
WILLIAM J. CLARK**

April 15, 2016

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

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

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

5 A. I am testifying on behalf of EnergyNorth.

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

7 A. I am providing supplemental testimony that will augment EnergyNorth's petition for
8 franchise expansion into the Towns of Windham and Pelham, NH.

9 **Q. Have there been recent developments that Liberty would like to share with the**
10 **Commission?**

11 A. Yes. Liberty has been working with a developer in southern New Hampshire that has
12 been planning a new complex in Windham, NH. The developer has decided to move
13 forward with the project and has signed a Service Line Agreement (SLA) with Liberty on
14 April 4, 2016.

15 **Q. Where is this new development located?**

16 A. This new development will be located approximately 1500 feet from Liberty's proposed
17 Phase 1 expansion into Windham from Hudson. The project will have 400 individually
18 metered residential units and will require an additional 3500 feet of main through the
19 development and 200 small service lines, in addition to the 1500 feet of main required to
20 access the development.

1 **Q. What is the incremental construction costs associated with this project and the**
2 **estimated annual margin?**

3 A. The incremental direct construction cost to serve this project is \$543,618 and the
4 estimated annual margin is \$219,600. The six-year and eight-year Estimated Annual
5 Margin utilized to determine whether a Contribution in Aid of Construction (CIAC) is
6 required is \$1,756,800. Therefore, a CIAC would not be required to serve this
7 development.

8 **Q. Have there been recent positive developments in the Town of Pelham as well?**

9 A. Yes. On Tuesday, April 12 the Pelham Board of Selectmen voted to authorize the signing
10 of the SLAs for all municipal buildings in order to convert them to natural gas. Liberty
11 will be collecting the signed SLAs in the very near future.

12 **Q. Are there any additional projects in development that would have a positive impact**
13 **on the Pelham expansion?**

14 A. Yes. Liberty is currently working with a potential anchor customer in Pelham with a
15 substantial propane load. This potential customer utilizes approximately 400,000 gallons
16 of propane per year and could achieve substantial savings from converting to natural gas.

17 **Q. What are the economics of serving this potential customer?**

18 A. This customer would require a 5000 foot main extension from the proposed Phase 1
19 development in Pelham. The cost for this main extension and service line would be
20 \$271,290. The Estimated Annual Margin for this customer would be \$47,662. The six-
21 year Estimated Annual Margin to determine if a potential CIAC is required would be

1 \$285,970. Therefore, no CIAC would be required to serve this customer. In addition,
2 there are 36 potential commercial customers and 31 potential residential customers along
3 the 5000 foot main extension which are not included in this Estimated Annual Margin.

4 **Q. Does the signed SLA for the Windham project change the Company's response to**
5 **Data Request Staff 1-20?**

6 A. Yes. Staff 1-20 requested Liberty calculate the CIAC that would be required if the cost
7 of the Pelham interconnection were included in the calculations. In that response, the
8 CIAC was calculated at \$957,433. That analysis incorporated a six-year and eight-year
9 Estimated Annual Margin for the Windham project of \$856,440.

10 The six-year and eight-year Estimated Annual Margin for the new development is
11 \$1,756,800 while the construction cost is \$543,618. Attachment WJC-1 Supplemental
12 shows a revised CIAC for the Windham and Pelham projects incorporating this new
13 development. That CIAC is negative, which means that the revenue from the projects
14 exceeds the construction cost of the projects. I would note that the analysis in Attachment
15 WJC-1 does not take into account the additional revenue and construction cost to serve
16 the potential anchor customer. Including that revenue and cost into the analysis would
17 further enhance the economics of the expansion.

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

19 A. Yes, it does.

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