

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

LIBERTY UTILITIES (ENERGYNORTH
NATURAL GAS) CORP. d/b/a)
LIBERTY UTILITIES

DOCKET NO. _____

PETITION OF LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES FOR APPROVAL OF A GAS FRANCHISE IN
JAFFREY, RINDGE, SWANZEY AND WINCHESTER, NEW HAMPSHIRE

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (“EnergyNorth” or “the Company”), by and through its attorneys, Orr & Reno, P.A., respectfully petitions the New Hampshire Public Utilities Commission (“the Commission”) to exercise its authority under RSA 374:22 and 26 to grant permission to EnergyNorth to commence business as a public utility to serve gas customers under a franchise that would encompass the Towns of Jaffrey, Rindge, Swanzev and Winchester, New Hampshire (collectively, “the Southwestern Towns”). In support of this Petition, EnergyNorth states the following:

1. EnergyNorth is New Hampshire’s largest regulated natural gas distribution utility. It provides natural gas on a retail basis to approximately 90,000 natural gas customers in 30 municipalities across New Hampshire, including franchise rights for the City of Berlin in Coos County. The Company also owns and operates the self-contained propane-air distribution system that serves approximately 1,250 customers in Keene, New

Hampshire through 30 miles of underground pipeline, under an existing franchise.

EnergyNorth also has pending before the Commission i) a petition for franchise approval to commence business in the Town of Hanover and the City of Lebanon as a gas utility so that it may construct, own and operate an “off pipeline” and self-contained natural gas distribution system (see PUC Docket No. DG 15-289); and ii) a petition for franchise approval to commence business in the Towns of Pelham and Windham as a gas utility (see PUC Docket No. DG, 15-362). EnergyNorth’s affiliate, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (“Granite State Electric”), provides electric distribution service to roughly 44,000 New Hampshire customers in existing franchise areas that extend through 21 municipalities across New Hampshire.

2. In this Petition, EnergyNorth is seeking the Commission’s approval to commence business in Jaffrey, Rindge, Swanzey and Winchester, New Hampshire as a gas utility so that it may construct, own and operate a natural gas distribution system in those towns. While the manner in which EnergyNorth would obtain gas to serve customers in the Southwestern Towns will depend upon the Tennessee Gas Pipeline Company, LLC (“Tennessee”) proposal to construct the Northeast Energy Delivery (“NED”) natural gas pipeline in proximity to these towns, EnergyNorth is requesting this franchise whether or not the NED pipeline is constructed. In the event that the NED pipeline is substantially delayed or not constructed, EnergyNorth would examine other alternatives, such as serving customers in the towns that are the subject of this Petition through liquefied natural gas (“LNG”) and compressed natural gas (“CNG”). These municipalities do not currently have access to a gas distribution system.

3. EnergyNorth has committed substantial resources to expanding its gas franchise areas throughout the state and to expanding its infrastructure in existing franchise areas, in order to make natural gas more available to New Hampshire's residents and businesses. As EnergyNorth noted in its petition in DG 14-380 for approval of a firm transportation agreement with Tennessee, the approval of that agreement would "allow for more economic future system expansion." *Petition for Approval of a Firm Transportation Agreement with Tennessee Gas Pipeline Company, LLC*, PUC Docket No. DG 14-380, at page 2. The Company has also undertaken the Bedford Expansion Project and similar expansion projects in Manchester (behind the Manchester Airport), Concord, Loudon, Laconia, Merrimack, Londonderry and Nashua, in order to provide more natural gas opportunities for commercial and residential customers in municipalities in which it is already authorized to serve gas customers.

4. Over the last 25 years, EnergyNorth has expanded its franchise areas in the state, with the Commission's approval, as such expansion became necessary to meet customer demand, and as otherwise appropriate and economically feasible. *See, e.g., Re EnergyNorth Natural Gas, Inc.*, 85 NH PUC 71 (2000) (Town of Auburn); *Re EnergyNorth Natural Gas, Inc.*, 84 NH PUC 485 (1999) (City of Berlin); *Re EnergyNorth Natural Gas, Inc.*, 75 NH PUC 176 (1990) (Town of Derry). *See also Order Approving Settlement Agreement*, Order No. 25,736, PUC Docket No. DG 14-155, Joint Petition to Approve Sale of New Hampshire Gas Corporation (November 21, 2014) (City of Keene).

5. RSA 374:22, I provides:

No person or business entity, including any person or business entity that qualifies as an excepted local exchange carrier, shall commence business as a public utility within this state, or shall engage in such business, or begin the construction of a plant, line, main, or other apparatus or appliance to be used therein, in any town in which it shall not already be engaged in such business, or shall exercise any right or privilege under any franchise not theretofore actually exercised in such town, without first having obtained the permission and approval of the commission.

In addition, RSA 374:26 provides:

The commission shall grant such permission whenever it shall, after due hearing, find that such engaging in business, construction or exercise of right, privilege or franchise would be for the public good, and not otherwise; and may prescribe such terms and conditions for the exercise of the privilege granted under such permission as it shall consider for the public interest. Such permission may be granted without hearing when all interested parties are in agreement.

6. It has been the longstanding policy of this Commission that “the granting of public utility status must be based upon a finding that the applicant is fit and able to carry out the function which it proposes.” *Re International Generation and Transmission Company, Inc.*, 67 NH PUC 478, 482 (1982). As the Commission noted in this order:

Decision upon decision in utility case law emphasizes the standard of fitness in fulfilling the public interest using such criteria as: (1) financial backing; (2) management and administrative expertise; (3) technical resources; and (4) the general fitness of an applicant. Simply stated, the company must be able to construct, operate and maintain its plant as well as to run its business. 67 NH PUC at 484.

See also Re West Swanzey Water Company, Inc., 88 NH PUC 77, 80 (2003) (“The public good standard requires the petitioning utility to demonstrate, *inter alia*, the legal, technical, managerial and financial expertise to operate a public water utility.”); *Re Florida Power and Light Company*, 89 NH PUC 267, 271 (2004) (“We evaluate the technical, managerial and financial expertise in determining whether to grant a company authority to operate as a public utility.”).

7. EnergyNorth meets all applicable criteria for Commission approval, as demonstrated by the prefiled testimony of William J. Clark, Richard G. MacDonald and Steven E. Mullen, attached to this Petition. Mr. Clark, the Business Development Professional, provides an overview of the Company, the plan to extend EnergyNorth's gas franchise to include Jaffrey, Rindge, Swanzey and Winchester, and the Company's managerial, financial and legal expertise. Mr. Clark also provides more detail regarding the Company's business plan to construct, own and operate a local distribution system in the Southwestern Towns and the Company's technical expertise. His testimony also discusses how EnergyNorth's plan for these towns is consistent with the state energy strategy developed pursuant to RSA 4-E. Mr. MacDonald, the Director of Gas Operations for EnergyNorth, discusses the Company's plans for constructing and operating the gas distribution system in the Southwestern Towns. Finally, Mr. Mullen, Manager, Rates and Regulatory, discusses the Company's plans for establishing rates and charges for gas customers in these towns.

8. The public good would be advanced by Commission approval of this Petition. These towns have a combined total of approximately 8530 single family and multi-family residential structures, as well as commercial centers that stretch along state highways located within the towns. By approving this Petition, the Commission will be creating opportunities for economic development and cost savings for both existing and new commercial and residential customers in these towns.

9. As set forth in the prefiled testimony, EnergyNorth proposes to finance, construct, install, manage and operate its own facilities and infrastructure to supply gas to customers in the Southwestern Towns. Operations would be retained in-house so that all

Company experience in owning and operating a regulated gas utility would be applied. The Company has a history of demonstrated capabilities with regard to financial, managerial, administrative, technical, operational and legal support. The Company has demonstrated its ability to finance, own, operate and manage, as a public utility, both electrical and gas service to customers throughout the state. Meter reading and billing processes would be extended from EnergyNorth's existing gas service areas. The Company's proposed franchise area and ratemaking plan would thus take advantage of economies of scale from existing operations, all to the benefit of customers within the proposed new franchise areas, as well as existing customers through synergies in scale of operations.

10. EnergyNorth has had decades of experience in successfully serving gas customers in this state with competitively priced fuel. Its portfolio includes natural gas, LNG and propane facilities. The Company owns and operates facilities that interconnect with Tennessee on the Concord Lateral, as well as a single interconnect on the Portland Natural Gas Transmission System pipeline to serve the Berlin franchise. EnergyNorth owns and operates three LNG facilities (located in Manchester, Concord and Tilton) and three propane facilities (located in Nashua, Manchester and Tilton) that are connected directly to the distribution system and utilized for both supply and pressure enhancement. There is a fourth "satellite" propane facility in Amherst used solely for storage. EnergyNorth's Keene Division owns and operates an air propane facility with distribution in the Keene area.

11. The key component within the Company's proposed local gas distribution system in the Southwestern Towns draws upon the particular expertise and experience that the Company has gained through related operations in this state. This component is the underground gas distribution piping along with service risers and meters located at the

customer's premises. This component of the system would be identical to the existing EnergyNorth network that has been operated in many municipalities throughout New Hampshire safely, reliably and efficiently by Company employees for decades. EnergyNorth has extensive experience in operating such facilities, as set forth in the prefiled testimony.

12. As also set forth in the prefiled Testimony of Messrs. Clark and MacDonald, if granted the gas franchise for this area, the Company plans to install gas mains from the new gas pipeline to the prospective initial anchor customers in the municipalities and to offer service to other customers in the municipalities. New interconnections to the NED pipeline will be required in Winchester and Rindge. The distribution facilities would be installed and maintained under EnergyNorth's existing maintenance and construction standards, in conformance with industry codes and all applicable regulatory standards and permits. The Company employs professionals and contractors with background in local distribution networks and has pre-certified contractors for necessary design and construction services. This is the same procedure that has been working reliably and safely in EnergyNorth's local distribution network for approximately 40 years. As further described in Mr. Clark's prefiled testimony, EnergyNorth has personnel on staff that are highly trained and experienced in the operation of its local distribution network and their expertise will be utilized in the Southwestern Towns' franchises.

13. A conventional natural gas local distribution network has an interconnection with an interstate transmission pipeline, like that proposed here, which is contingent on approval and construction of the NED pipeline. At this interconnection, EnergyNorth, the local distribution company ("LDC") would receive shipments of natural gas from its

supplier, regulate pressure down to LDC operating pressure (typically 60 PSI), add mercaptan, which is a gas odorant, and distribute the gas to customers. If the Tennessee NED pipeline is built along the proposed route currently under consideration or on a similarly situated route, natural gas sufficient to serve customers in the Southwestern Towns will be available in proximity to the Southwestern Towns. If the NED pipeline is not built, EnergyNorth would still pursue supplying gas to the towns through an LNG or CNG distribution system similar to those used in other areas of the state.

14. As further explained in the Prefiled Testimony of Steven Mullen, the Company proposes to utilize existing rates, charges and terms of service in EnergyNorth's current tariff for customers in the Southwestern Towns. The Cost of Gas ("COG") rate applicable to these customers will be calculated in accordance with EnergyNorth's tariff. The gas supply costs would be included in the COG rate charged to other EnergyNorth customers and it would include the commodity costs of acquiring the natural gas from Tennessee to supply the system. The COG rate would be adjusted twice a year, with winter and summer rate periods, as is the case now for EnergyNorth's existing COG rate. Customers would also be eligible to participate in the Company's energy efficiency programs to reduce demand and further reduce energy costs.

15. Puc 1603.02(a) provides that "[a]t the time of proposing an initial franchise, a utility shall propose a tariff and file the tariff with the commission." As discussed in Mr. Mullen's testimony, EnergyNorth's tariff is available on the Company's website (http://www.libertyutilities.com/east/gas/saving/gas_rates.html) and on the Commission's website (<http://www.puc.nh.gov/Regulatory/companies-regulated-tariffs.htm#gas>). Due to the size of the tariff, the fact that it has already been approved for service to EnergyNorth

customers, and that the Company is requesting that the same terms and conditions of service for existing customers apply to any new customers in the Southwestern Towns, the Company is requesting a waiver of the filing requirement found in Puc 1603.02(a). Granting this waiver request would serve the public interest because requiring a new tariff filing would be onerous and is inapplicable, given that EnergyNorth seeks to rely upon its existing tariff, and the purpose of Puc 1603(a) is served by extending the existing tariff to the new franchise area for the Southwestern Towns. *See* Puc 201.05(a)(1) and (b). In addition, granting the waiver would not disrupt the orderly and efficient resolution of this matter, as supplemental tariff filings could be made to accommodate any changes deemed necessary in the future. *See* Puc 201.05(a)(2) and Puc 1603.05.

16. Mr. Clark's testimony indicates that the Company has notified the towns of this filing and the Company plans to make several public presentations in each town before the Boards of Selectmen and Planning Boards to provide an overview of the proposal and address any issues identified by the towns.

17. The Company's plan, as set forth in this Petition and the attached Prefiled Testimony, is consistent with the state's energy and environmental goals, and will foster economic development by improving access to gas in an area that would otherwise not have such access. The Company's proven capabilities in successfully owning and operating New Hampshire's largest gas utility over the years demonstrate that EnergyNorth has the requisite financial, managerial, technical and legal capability, as well as overall fitness and experience, to be a public utility for the purpose of providing gas to customers in the Southwestern Towns. Given EnergyNorth's track record of providing safe and reliable service to customers, as well as the specifics of the plan for operation of a franchise in the

towns of Jaffrey, Rindge, Swanzey and Winchester, granting approval for EnergyNorth to commence business as a gas public utility, as specified in this Petition, would be for the public good.

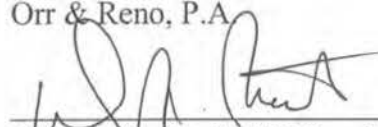
Wherefore, EnergyNorth respectfully requests that the New Hampshire Public Utilities Commission:

- A) Find that it would be for the public good to grant gas franchise rights to EnergyNorth for Jaffrey, Rindge, Swanzey and Winchester, New Hampshire;
- B) Grant the Company's request for a waiver of Puc 1603.02(a); and
- C) Grant such other relief as may be just and equitable.

Respectfully submitted,

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By Its Attorneys
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Dated: October 9, 2015

Certificate of Service

A copy of this Petition has been served by email this 9th day of October on the Office of Consumer Advocate.

Dated: October 9, 2015



Douglas L. Patch