

Liberty Utilities works toward compliance in bid for Keene natural gas facility

- By PAUL CUNO-BOOTH Sentinel Staff
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A state regulatory agency's assessment of a planned natural gas system in Keene has identified a variety of issues it says should be fixed before the system goes online.

The assessment — by staff at the Safety Division of the N.H. Public Utilities Commission — involved field inspections as well as reviews of schematics, testing and maintenance procedures and other documentation related to Liberty Utilities' proposed natural gas facility and distribution system in Keene.

The report, dated Oct. 3, found instances of incomplete or incorrect documentation. It also identified planning deficiencies, including one that forced Liberty to re-pipe part of an already installed decompression facility at a cost of about \$75,000.

The report states natural gas should not start flowing to consumers until the safety division's recommendations are addressed. But it indicates that, once those issues are resolved, the gas system will likely comply with state and federal regulations, clearing the way for its operation.

In an email, Liberty spokesman John Shore said the company is working with regulators to bring the system into compliance.

"Liberty Utilities has had numerous onsite walkthroughs, conference calls, reviews of draft documents with Safety Division staff," Shore said. "We have addressed all the points that we were aware of prior to the release of this report and will provide documentation of these changes."

He said Liberty intends to "file all of the necessary documents during the first quarter of 2019 and become operational thereafter."

Planning for conversion

Liberty hopes to gradually replace Keene's existing propane/air system, which serves about 1,200 customers, with the new natural-gas distribution system.

The new system would be fed from a compressed natural gas facility on Production Avenue in Keene. Delivered in trailers at 4,000 pounds per square inch gauge — a measure of pressure — the gas would go through a device known as a decompression skid, then travel through the distribution system at the much lower pressure of 55 psig, according to the Safety Division's report.

Natural gas service would be extended to different parts of the city in five phases over several years, according to the report, starting with commercial customers in the area of Production Avenue and Monadnock Marketplace.

The four later phases would expand natural-gas service along Winchester Street; along Marlboro Street and Optical Avenue; north along Route 9 and the northern part of Washington Street; and northwest along Park Avenue and Summit Avenue.

The Safety Division report addresses only the first phase, as regulators say they do not yet have enough details about Liberty's plans for future phases.

The system would be the first of its kind in New Hampshire, the report notes. Other natural gas systems in the state tap into interstate pipelines, rather than having gas trucked in, and 4,000 psig "easily surpasses the next highest pressure of any gas pipeline in New Hampshire."

Liberty has been mulling such a change since before it took over Keene's propane/air system in January 2015 with the purchase of N.H. Gas Corp.

Company representatives have described the current system as antiquated and promoted natural gas as a cheaper, more reliable alternative.

In December 2015, a malfunction at Liberty's propane/air production facility allowed pure propane into the system, triggering a city-wide emergency response in which four people were taken to the hospital and more than 1,000 homes and businesses were checked for carbon monoxide exposure. A similar, much smaller incident occurred in February 2016.

According to the Safety Division's recent report, Liberty then considered putting a temporary compressed natural gas installation behind the Price Chopper in Keene, to reduce reliance on the propane/air system.

But Safety Division staff criticized that proposal as "rushed," writing that Liberty "focused more upon seeking arrangements for permission with the building owner and completing installation before the 2016/2017 winter season rather than providing a comprehensive, thoughtful, and detailed plan."

Shore said Liberty explored the location for a temporary facility so the company could retire a propane/air blower serving the Monadnock Marketplace customers and "avoid the increased costs and reliability concerns associated with its operation."

Ultimately, Liberty did not go through with that location. "After speaking to the local first responders and the Safety Division, we elected not to use this site due to accessibility issues and its proximity to existing buildings," Shore said.

The following year, in spring 2017, Liberty proposed the Production Avenue facility, leading to a contentious City Council debate over whether to discontinue a section of that road to allow for the project. The council ultimately approved it by a one-vote margin, over the objections of Ward 3 Councilor Terry M. Clark, an outspoken opponent of Liberty's natural-gas plans.

As it ordered and installed a decompression skid from XNG, a compressed natural gas company, Liberty initially treated the Production Avenue site as a lower-density area under federal regulations, which comes with lower safety standards.

The Safety Division staff disagreed with the lower-density classification, pointing to the nearby cluster of commercial buildings at Monadnock Marketplace.

Liberty had already purchased a decompression skid designed to the less stringent specifications. "Liberty subsequently re-piped, at additional cost, much of the interior and exterior stainless steel tubing," the report says. Shore said that cost about \$75,000.

"Because of the skid's location and limited purpose, we initially designed the skid to a lower class location," he said. "This was revised after discussions with Safety Division staff."

The Safety Division also recommended improvements in other aspects of Liberty's conversion plan for the Monadnock Marketplace area. It found the company had not stated how it would address about 2,500 feet of mains and service lines that were not originally pressure tested at high enough levels for the anticipated natural gas system.

The company's options, the report states, are to remove piping, pressure test it and reinstall it, or to "uprate" the pipes — incrementally raising the pressure in the system while checking for leaks at each stage.

Shore said Liberty "will pressure test all new and existing facilities in that portion of the distribution system" to ensure its compliance with regulations.

In addition, according to the report, Liberty's plans for dividing the Phase 1 area into sections — a process that ensures only a small portion of customers lose service at one time — did not include valves in two places that required them.

Other issues pointed to by the staff concerned documentation, including schematics that were inconsistent with other documents or with what was actually installed.

Inadequate documentation also earned Liberty a \$20,000 fine last winter. According to a notice of probable violation attached to the Safety Division report, Liberty did not fully follow its own documentation procedures during pressure testing of the decompression skid's piping in October 2017.

The pressure testing was otherwise compliant with federal regulations, according to the notice. Liberty did not contest the violation.

Safety Division staff found various other aspects of Liberty's proposal — including its plans for public awareness, maintenance procedures, emergency response and technician training and evaluation — were generally in compliance.

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