

July 22, 2015

Dear Commissioners: Honigberg, Scott, and Bailey,

As I left the meeting room from today's PUC session on DG14-380, I noticed the award from April 21st, 2009 for the PUC's Leadership on Climate Action, through its work in promoting the Regional Greenhouse Gas Initiative. That laudable accomplishment set New Hampshire, in cooperation with our regional partners, on a path toward addressing an issue with broad implications for our people and our world. It set a trajectory. It took a stand. It showcased the good regulators can do, when they see the forest beyond the trees.

The trees presented in DG14-380 are simple enough. Local LDC wants permission to sign on to a 20 year firm capacity agreement. Prevailing popular opinion is that increased natural gas supplies will be good for electricity rates. LDC has worked hard to make the case that there is benefit from this particular pipeline and this particular gas - irrespective of other gas coming into New England. The resulting question seems to be: Does New Hampshire want NED gas? For the average New Hampshire consumer, with these basic inputs, the answer might be YES.

But there is a forest to this agreement and its approval that has great implication for the trajectory it sets - and that path is what I ask you to consider in your decision.

I had the opportunity to speak with Governor Hassan on the 4th of July this year and I brought up the fact that an over-reliance on gas would initially lower emissions, but not in the long run, and the same would be true for cost. The Governor's reply was that we need gas as a bridging fuel. While this seems a reasonable position, the term 'bridging' implies both a limited role and an impermanent solution. Any fossil fuel is unsustainable by its nature, and any momentary dip in costs will eventually be paid and that premium will likely in proportion to how long we postpone moving to cleaner energy sources. So in considering Liberty's efforts to make the case that they can sell the gas once its delivered via NED, we must also consider whether Liberty could secure the amount of gas they are seeking from Marcellus without the need for this new infrastructure? The answer to this questions is: YES.

This precedent agreement (and lowered settlement agreement for 100,000 dth/day - 50,000 dth/d of which is replacement gas) is being used to prove need for NED to FERC. Can Liberty use some additional gas to grow their footprint? Sure. Is there anything wrong with Liberty's proposal to serve more customers if a pipe was laid from west to east, where none now exists? No. But granting this approval serves as proof that NED is *needed*. It makes no sense for NH to pad the outcome of a pending FERC process in NED's favor when there are less costly projects in the works that would supply the 50,000 Dth/d of incremental gas desired by Liberty.

In the March 8, 2015 Union Leader, Richard Wheatley of Kinder Morgan stated 800,000 Dth/d was the cost benefit number KM needed to hit in terms of anchor shippers. Turns out a review of the filings from NH, MA and CT, show that all the anchor shippers are including about half of their 20 year firm commitment from replacement gas. So the approximately 500,000 Dth/d reported in the media only amounts to 270,000 Dth/d of incremental gas - to supply the next 20 years of need.

I recently learned of an analysis conducted in Mass. that confirmed that the cost of gas coming into Dracut, MA through existing infrastructure is going to fall as suppliers begin purchasing domestic supply and other sources try to compete - so the argument that NED gas is somehow

less expensive than gas already coming to Dracut, MA is self-serving for NED investors, but results in no advantage for New Hampshire.

Algonquin PUC acquired Liberty Utilities in 2013, and that is the point at which a growth strategy, and the money to support same, began in New Hampshire. Granite State Gas, Energy North, and NH Gas in Keene are all under the Liberty Utilities umbrella. But more importantly, they are all under the Algonquin Power and Utilities Corporation umbrella. An APUC shareholder presentation I found on the company website last year cited their investor strategy in three bullets: 1) Acquisitions, 2) Expansions, 3) Increased Prices. That is the playbook they are following. We cannot blame business for managing their interests; but we can lament when our regulators fail to recognize when they too, are being managed. New England must find ways to force limits on this gas-rush that are consistent with a bridging strategy. This precedent agreement is actually that important - because it authorizes excess capacity that benefits no one except the increasingly circular gas industry.

If Algonquin Incremental Market, (AIM), Atlantic Bridge, Access Northeast, and Continent to Coast (C2C) are all built, there will be ample fuel to support a bridging strategy and then some.

In fact, in the Massachusetts DPU filing 15-37, in which the state called for stakeholders to provide alternative options for resolving Electric Power Generator constraints in the gas system, Portland Natural Gas Transmission System's response proposed minor modifications of their existing pipelines to supply up to 600,000 Dth/day of additional incremental Marcellus shale gas from Wright NY to Dracut, MA. While this solution does not give Liberty Utilities, Algonquin Power and Utility Corporation, or Kinder Morgan the ability to expand their market share as they would like, it is consistent with a regional energy strategy that claims to be looking at gas to 'bridge' us into a cleaner energy future. Expanding the Concord lateral may also be needed, but that requires far less disruption to the environment of the state, and far less commitment to long term gas dominance. It is also hard to imagine the Concord lateral could be more expensive an option than the multi-state NED greenfield project. The reason it seems more costly to the gas industry is that the profits are far greater if they get to move over 1 bcf/d with option to expand once the pipe is laid.

Each time I am asked by regulators what we should do instead, I give the same answer: I'm pro - nuclear power. I believe truly unbiased solutions would be based upon their impact to our atmosphere and I scratch my head in wonder that we are interested in investing in the latest fossil fuel technology, but not the latest nuclear technology. The results of greenhouse gas emissions will cost us far more than cheap gas savings and rather than put this fact front and center, we ignore it in order to keep doing what's familiar. Its as though our leaders are engaged in a kind of willful blindness - as though we have more time to push off better decisions.

I don't bring up nuclear power to be controversial. I bring it up because we keep saying there are no alternatives, and that gas is our best option. I believe this is a short-sighted, uninformed perspective. Buying into this thinking, marginalizes the level of threat imposed by the energy challenges we face and lessens the emphasis on innovative solutions. Approving this precedent agreement supports a strident industry in its aims to dominate New England's energy portfolio at a time when that should be out of the question.

Liberty Utilities would not be lowering their firm commitment, using replacement gas to make the numbers appear larger, offering incentives for conversions. making robe-calls asking for NED

support or grabbing at straws for projects in Southern NH, if the need for their pipeline project was real. No one is going to be hard pressed to find gas in New England if NED is not approved. No, you are not being asked to approve NED, but understand that by your approval, you are being used to accomplish that goal.

I ask that you recognize the forest behind this precedent agreement and do what is best for the people of New Hampshire.

Thank you each for your service; I know this job is not an easy one.

Regards,

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