

STATE OF NEW HAMPSHIRE
THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
VALLEY GREEN NATURAL GAS, L.L.C.

DG 15-____

PETITION FOR FRANCHISE APPROVAL

The Petitioner, Valley Green Natural Gas, LLC ("Valley Green"), respectfully requests authority from the Commission to provide regulated gas service in the Town of Hanover and the City of Lebanon. In support thereof, Valley Green states:

1. Valley Green is a New Hampshire limited liability company formed on November 8, 2013 for the purposes of providing distribution and sale of natural gas in New Hampshire and in good standing as of the date hereof. Valley Green is registered to do business in New Hampshire and has a business address of P.O. Box 14, 44 South Main Street, Hanover, New Hampshire 03755.

2. The City of Lebanon and Town of Hanover are located in the Upper Connecticut River Valley (the "Upper Valley"). The Upper Valley, City of Lebanon, and Town of Hanover have been studying the region's energy needs and ways to reduce greenhouse gas emissions. In particular, the Lebanon Energy Advisory Committee and area commercial and industrial businesses have explored ways to gain access to more affordable energy. Similarly, the Town of Hanover, Dartmouth College and Dartmouth-Hitchcock Medical Center have also been researching ways to reduce energy costs and reduce their carbon footprint. The Valley Green project seeks to respond to these demonstrated needs.

3. Valley Green seeks to purchase liquefied natural gas ("LNG") from domestic suppliers, store the LNG, process it a gaseous form through a regasification facility, and

distribute that natural gas through a pipeline distribution system to customers in Lebanon and Hanover. Valley Green will own all physical assets comprising the storage, regasification, and distribution facilities. Valley Green anticipates providing gas service in the fall of 2016. The project will be located on an approximately 6-to-12-acre site within a 182-acre parcel located in the City of Lebanon. The property is located near the junction of Etna Road and Labombard Road in Lebanon and is Lebanon Tax Map 26, Lot 17. The site is within easy access of two major interstate highways, I-89 and I-91. Choice Storage, LLC, owns the 182-acre parcel, and Valley Green intends to enter into a long-term lease with Choice Storage, LLC to locate its gas facilities on the 6-to-12-acre site.

4. From this location, Valley Green seeks to provide gas service to industrial, institutional, commercial, municipal, and residential customers in the City of Lebanon and the Town of Hanover. Valley Green seeks a franchise area coincident with the municipal corporate boundaries of the City of Lebanon and Town of Hanover. Having the franchise boundaries coincide with the municipal boundaries will make Valley Green's future expansion less complicated than if it had to seek additional franchise approval to expand its franchise boundaries parcel-by-parcel. A more detailed map of Valley Green's proposed service area is attached as Attachment A to the testimony of James W. Campion, IV.

5. Valley Green has discussed the project with a number of potential customers including Dartmouth College, Dartmouth-Hitchcock Medical Center, municipal customers, and industrial and commercial customers in the vicinity of Etna Road and Route 120. Some customers are interested in obtaining traditional gas supply and delivery service. Some customers are interested in purchasing gas directly from Valley Green's supplier and then contracting with Valley Green for delivery services. To address customer needs, Valley Green

anticipates providing traditional retail gas service where customers will purchase gas supply and delivery services from Valley Green, and will also offer delivery service only, or tolling service, for customers who wish to purchase their own gas. Lastly, Valley Green may enter into special contracts with those customers who have unique service needs.

6. Valley Green expects its full build-out winter peak load to be approximately 60,000 gallons of LNG per day and its summer load to be 30,000 gallons per day. Valley Green is using 27,095 gallons of LNG per day (average daily load) to design its initial service needs, as delineated on Attachment B to the testimony of James W. Campion, IV.

7. Valley Green's request for a franchise is in the public good. It is supported by numerous state and local plans. For example, New Hampshire's 10-Year State Energy Strategy (the "Strategy") recognizes the importance of reducing barriers to the development of natural gas in New Hampshire. See pages 46 and 47 of the Strategy at

<http://www.nh.gov/oep/energy/programs/SB191.htm>.

The Strategy notes the importance of access to natural gas across the State and the existence of cost benefits associated with converting to natural gas, and recommends the State assist in expanding access to natural gas. *Id.* The New Hampshire Climate Action Plan (the "Climate Plan") recommends that the State facilitate the development of low-CO₂ emitting energy sources in order to help achieve a long-term reduction in the State's carbon emissions. See Page 21 of the Climate Plan at

http://des.nh.gov/organization/divisions/air/tsb/tps/climate/action_plan/nh_climate_action_plan.htm. Additionally, Dartmouth College's 2008 Energy and Emissions Master Plan concluded converting its boiler to natural gas would lower its emissions by 24% almost immediately. See

pages 15-16 of the Dartmouth Master Plan at

<http://www.dartmouth.edu/~opdc/energy/EYP.pdf>. The Valley Green project will allow

Dartmouth College to convert its boiler and achieve this emission reduction goal. The City of Lebanon's 2012 Master Plan (the "Lebanon Master Plan") set a goal of reducing greenhouse gas emissions, and encouraged the City to give more attention to energy-related projects. See page 13 of the Lebanon Master Plan at <http://planning.lebnh.net/home/master-plan>. Finally, the Town of Hanover's 2003 Master Plan (the "Hanover Master Plan") sought to encourage cost-efficient energy sources for its businesses and residents, reduce energy costs for its municipal vehicles, underground utilities, and promote electric energy generation in an aesthetically sensitive manner. See Hanover Master Plan referenced at

http://www.hanovernh.org/Pages/HanoverNH_BComm/planning/masterplan/master?textPage=

1. Valley Green's project helps advance the goals of the Lebanon Master Plan and the Hanover Master Plan.

8. Valley Green's project will include a LNG storage facility and regasification facility at the Etna Road site, and a pipeline distribution network in Lebanon and Hanover originating at the Etna Road site. A wholesale vehicle refueling station will also be located at the site, but will be owned and operated by Valley Green's LNG supplier, Gulf Oil Limited Partnership ("Gulf"), for its own account. The vehicle refueling station will be an unregulated enterprise. Gulf expects to also enter into contractual arrangements with Valley Green which will allow Gulf to lease tank storage space in Valley Green's storage facility, as space is available, for its vehicle refueling operations.

9. Valley Green has the managerial, technical, financial, and legal expertise to operate a gas utility in this State. As more fully described in the testimony of James Champion

and Kenneth Stanley, Valley Green has begun obtaining local and state regulatory permits and securing contracts to construct, operate and maintain its facilities.

10. The City of Lebanon Zoning Board of Adjustment approved the LNG fuel storage project for up to 4,500 cubic meters (approximately, rounded, 1.19 million gallons), regasification facility, a pipeline distribution network, and a natural gas refueling station in April 2014. In November 2013, Valley Green filed for Preliminary Site Plan review with the Lebanon Planning Board. In February 2014, Valley Green filed an Alteration of Terrain permit application with the NH Department of Environmental Services ("DES"). Valley Green is in the process of responding to DES Staff's comments. Valley Green plans to seek and obtain all local and state permits required for its project.

11. Valley Green is in the process of securing reliable, cost-competitive gas supply from Gulf. Gulf's experience and ability to reliably supply Valley Green is more fully described in the testimony of Jonathan Carroll. Gulf presently transports LNG from third-party terminals in Massachusetts, Pennsylvania, and Quebec to multiple locations throughout the Northeast. In 2014, Gulf safely delivered over 5 million gallons of LNG and is on track to deliver over 12 million gallons of LNG in 2015. In order to expand its LNG service further, Gulf has plans to build a liquefaction facility in the Marcellus Shale Region. Gulf chose this location because it is home to some of the cheapest natural gas in the country. Gulf anticipates that roughly 30% of the capacity of this facility will be dedicated to the Valley Green project. Gulf's pricing is expected to be competitive for Valley Green. Valley Green expects to enter into supply and pricing contracts and hedging instruments with Gulf that will mitigate and manage price risk.

12. Valley Green and Gulf are negotiating a long-term management contract whereby Gulf would operate and maintain Valley Green's LNG storage and regasification facilities. Gulf's extensive experience in the energy sector, financial stability, and demonstrated commitment to safety make Gulf an excellent choice for ensuring Valley Green can meet its service obligations in the Lebanon-Hanover franchise territory.

13. Valley Green and TRI-MONT Engineering, Co. ("TRI-MONT") are negotiating a long-term contract whereby TRI-MONT will operate and maintain the pipeline distribution system. Valley Green has already retained TRI-MONT to design the storage, regasification, and distribution facilities. TRI-MONT has conducted the requisite LNG storage modeling: Spill Dispersion Modeling and Flashing and Jetting Dispersion Modeling. TRI-MONT has also drafted an Operations & Maintenance Manual, Distribution Integrity Management Plan, and Emergency Response Plan. TRI-MONT has calculated Valley Green's 7-day storage requirement and has designed the storage facility such that additional tanks can be added as customer loads and 7-day storage requirements increase. TRI-MONT will oversee the RFP and bidder selection process for the construction contract. During the construction phase, TRI-MONT will perform construction inspections, provide oversight and management services, ensure that all data will be collected, organized, and stored in a manner required to support Valley Green's operations.

14. Valley Green's financial needs will be met by New Energy Capital Partners, LLC ("NECP"). NECP's experience is more fully described in the testimony of Scott Brown. NECP is based in Hanover and is in the business of investing in clean energy projects across the country. NECP has invested in solar, landfill gas, biogas, and biodiesel industries. NECP sees the Valley Green project as an opportunity to invest in the use of energy that will help the

Upper Valley lower its emissions and carbon footprint. The equity investment would be made by a fund affiliated with NECP. NECP intends to hold its equity interest over the long-term. NECP will supply all of Valley Green's initial capital needs, including the cost of constructing the project. NECP is and will continue to provide financial analysis, financial structuring, and development support throughout the development, construction, and operation of the facility. Following construction, NECP will solicit competitive debt providers to help Valley Green balance its capital structure and lower the long-term cost of capital for the project and ratepayers.

15. Finally, Valley Green is in the process of drafting its terms of service. It is modeling its tariff after the tariffs of other gas utilities servicing New Hampshire. The rate schedules portion of the tariff will be finalized during Valley Green's rate case, which it expects to file in late 2015 or early 2016. Valley Green will ensure that its tariff provisions satisfy the Commission's requirements. Although Valley Green will utilize third-party contracts for the operation and maintenance of all of its major facilities, it will manage its own regulatory requirements. Valley Green will manage the timing of rate relief, financings, the filing of Annual Reports with the Commission, and the filing of other Commission-required reports. Valley Green will also be responsible for customer service and billing.

WHEREFORE, Valley Green Natural Gas, LLC prays:

A. that the Commission find that it is in the public good for Valley Green to provide gas service in the City of Lebanon and the Town of Hanover;

B. that the Commission grant Valley Green a franchise coincident with the municipal corporate boundaries of the City of Lebanon and the Town of Hanover; and

C. that the Commission make such further findings and orders as may be appropriate in this proceeding.

Respectfully submitted,

VALLEY GREEN NATURAL GAS, LLC

By Its Attorneys

RATH, YOUNG AND PIGNATELLI, PC

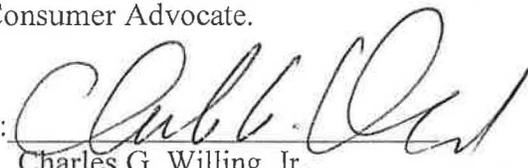
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Dated: May 15, 2015

By: 
Charles G. Willing, Jr. (N.H. Bar No. 8239)
Marcia A. Brown (N.H. Bar No. 11249)

CERTIFICATE OF SERVICE

I, Charles G. Willing, Jr., hereby certify that on this 15th day of May, 2015, a true and correct copy of the foregoing document was mailed via first class mail, postage paid, as well as by email, to the New Hampshire Office of the Consumer Advocate.

By: 
Charles G. Willing, Jr.