

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

DG 13-086

NORTHERN UTILITIES, INC.

**DIRECT TESTIMONY OF
THOMAS P. MEISSNER, JR.**

EXHIBIT TPM-1

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1 **I. INTRODUCTION**

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

3 A. My name is Thomas P. Meissner, Jr. My business address is 6 Liberty Lane
4 West, Hampton, New Hampshire 03842.

5 **Q. For whom do you work and in what capacity?**

6 A. I am the Chief Operating Officer of Unitil Corporation. I am also a Senior Vice
7 President of Unitil Service Corp., which provides centralized utility management
8 services to Unitil Corporation's subsidiary companies, and a Senior Vice
9 President of Unitil Corporation's utility operating subsidiaries Northern Utilities,
10 Inc. ("Northern"), Granite State Gas Transmission, Inc. ("Granite"), Unitil Energy
11 Systems, Inc. ("UES"), and Fitchburg Gas and Electric Light Company
12 (collectively "Unitil" or "the Company"). My responsibilities are primarily in the
13 areas of utility operations and engineering.

14 **Q. Please describe your business and educational background.**

15 A. I have over 28 years of professional experience in the utility industry and an
16 extensive background in all areas of gas and electric energy delivery, including:
17 distribution engineering; system planning; construction and maintenance; safety;
18 inventory and supply chain management; emergency response and restoration;
19 fleet and facilities management; metering and meter reading; system operations;
20 and related technology and asset management systems.

1 I joined Until Service Corp. in 1994 as a design engineer and was named
2 Director of Engineering in 1996, Senior Vice President of Operations and
3 Engineering in 2003, and assumed my current responsibilities as Chief Operating
4 Officer of Unutil Corporation in 2005. Prior to joining Unutil Corporation, I was
5 employed for ten years at Public Service of New Hampshire where I advanced
6 through a variety of positions in engineering and operations. The last position I
7 held with PSNH prior to joining Unutil was that of Electrical Superintendent in
8 Portsmouth, New Hampshire. I hold Bachelor of Science degrees in both
9 Electrical Engineering and Mechanical Engineering from Northeastern
10 University, a Certificate in Electric Power Systems Engineering from Power
11 Technologies, Inc., and a Master's degree in Business Administration from the
12 University of New Hampshire.

13 **Q. Have you previously testified before this Commission?**

14 A. Yes, I have testified before this Commission in various proceedings, including
15 more recently, Unutil's acquisition of Northern and Granite in Docket DG 08-048,
16 Unutil Energy's base rate filing in DE 10-055, and Northern's Emergency
17 Response Standards in DG 11-196.

18 **Q. What is the purpose of your testimony in this proceeding?**

19 A. My testimony will describe Northern's bare steel replacement program as well as
20 other programs to replace outdated and aging infrastructure in support of the
21 Company's requests for a Targeted Infrastructure Replacement Adjustment
22 ("TIRA") Mechanism, which Mr. James D. Simpson describes and explains in his

1 testimony about the Company's proposed alternative rate plan ("Rate Plan"). In
2 addition, my testimony will describe the significant ramp up in customer
3 expansion Northern is undertaking, and how this expansion program will benefit
4 New Hampshire customers and energy consumers.

5 **II. NORTHERN'S INVESTMENTS IN NEW HAMPSHIRE**

6 **A. INFRASTRUCTURE REPLACEMENT**

7 **Q. Why is the Company replacing infrastructure and what facilities are being**
8 **replaced?**

9 A. As part of the Commission's approval of Unitil's acquisition of Northern in 2008,
10 the Company agreed to replace all bare steel mains in New Hampshire over a
11 defined period of time beginning in calendar year 2009. Under the terms of the
12 settlement agreement approved by the Commission in Order No. 24,906, the
13 Company agreed that all such replacement would be completed within nine years.
14 Order at 18. Testifying in support of the settlement agreement, the Commission's
15 Safety Division Staff commented that Northern had reduced the amount of bare
16 steel mains from approximately 127 miles in 1990 to less than 40 miles in 2007,
17 resulting in a safer, more reliable system. Order at 11. As agreed to in the
18 settlement, the Company implemented a bare steel replacement program
19 beginning in calendar year 2009, and expects all replacement to be completed by
20 2017.

1 **Q. Please describe the scope of work for the bare steel replacement program.**

2 A. At the time of our acquisition of Northern in 2008, there were approximately 39
3 miles of bare steel mains in New Hampshire. Since acquiring Northern, the
4 Company has replaced 17 miles of bare steel mains and will replace another 5.2
5 miles this year. Over the five year period beginning in 2013, the Company
6 expects to replace 22 miles of bare steel mains and 294 bare steel services in total.

7 **Q. Is Northern undertaking the replacement of other outdated infrastructure, in
8 addition to bare steel replacement?**

9 A. Yes. In addition to the replacement of bare steel mains and services, Northern is
10 replacing cast iron and unprotected coated steel mains, often in conjunction with
11 highway relocation projects. Northern is also replacing certain regulator stations
12 and regulator components, including hundreds of farm tap regulators and aging
13 district regulator stations. These are non-revenue producing investments intended
14 to improve the safety and reliability of Northern's system. These replacements are
15 more fully described in the Section III.A. below.

16 **Q. How much does the Company plan to spend on infrastructure replacement
17 over the next five years?**

18 A. The Company plans to invest \$24 million over the next five years solely on
19 replacement of bare steel mains and services. Combined with cast iron
20 replacement and other replacement projects more fully described in the Section
21 III.A. below, the Company expects to spend more than \$34 million in total on
22 non-revenue producing safety and reliability investments over the next five years.

1

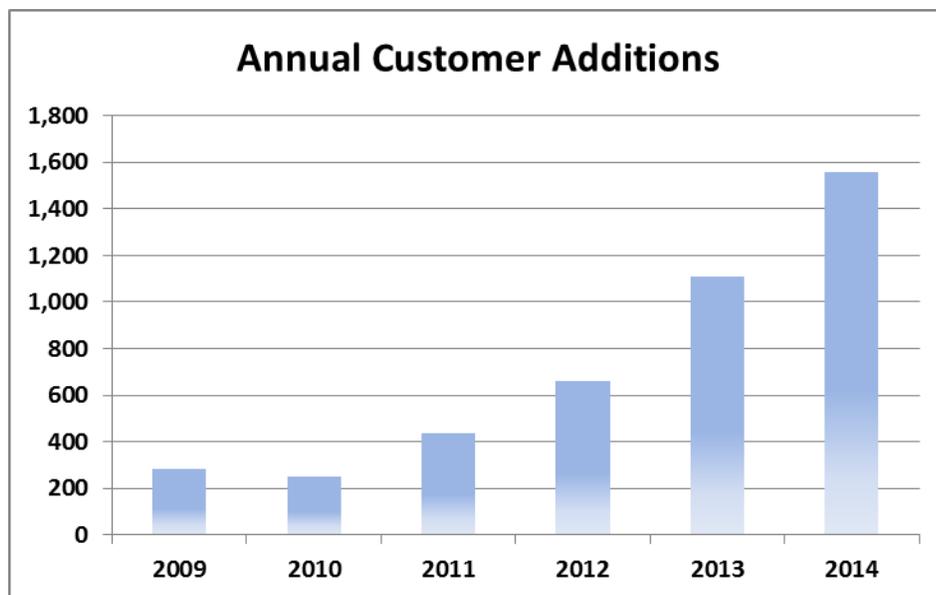
B. CUSTOMER EXPANSION

2 **Q. Please describe the Company’s plans to expand natural gas service in New**
3 **Hampshire.**

4 A. Since acquiring Northern in December of 2008, we have added and converted
5 more than 1,600 natural gas customers in New Hampshire. Perhaps more
6 important, our current plan is to increase the Northern’s New Hampshire customer
7 base to more than 45,000 customers over the next ten years, corresponding to an
8 annual growth rate of 4.5%. As shown in Figure TPM-1, we have been rapidly
9 ramping up our construction resources and marketing efforts each year since
10 natural gas achieved a significant price advantage relative to fuel oil and other
11 fuel alternatives.

12

Figure TPM-1



13

1 **Q. What led to this ramp up in expansion activity by the Company?**

2 A. In the years immediately following our acquisition of Northern, natural gas
3 fundamentals changed dramatically, driven largely by the plentiful availability of
4 shale gas from Marcellus and other shale formations in the U.S. This abundance
5 of natural gas supply caused prices to fall dramatically to near historic lows, in
6 turn leading to an unprecedented price advantage relative to fuel oil, propane, and
7 other fuel alternatives. As a result, there is considerable demand for natural gas
8 within our existing gas service areas as customers increasingly convert from more
9 expensive fuels.

10 **Q. What are the benefits of natural gas expansion for New Hampshire energy**
11 **consumers?**

12 A. At current prices, the cost to heat a home with natural gas is roughly half that of
13 fuel oil. We estimate a typical homeowner here in New Hampshire can reduce
14 their heating costs by at least \$1,500 annually by switching to natural gas from
15 fuel oil. Commercial and industrial customers consuming larger quantities of
16 natural gas have an opportunity to realize even greater savings. On a larger scale,
17 this means that for every 1,000 customers that we convert to natural gas, New
18 Hampshire consumers realize at least \$1.5 million of annual savings that can be
19 used for other purposes, directly benefiting the local economy.

20 **Q. Is this significant price advantage likely to continue in the future?**

21 A. We believe so, yes. The U.S. Energy Information Administration (“EIA”) Annual
22 Energy Outlook 2012 Reference Case forecasts that crude oil prices will remain

1 4-5 times higher than equivalent natural gas spot prices for at least the next ten
2 years.¹ The same reference case notes that the cost of developing incremental
3 natural gas production capacity is expected to grow slowly, so that natural gas
4 prices will rise by just 2.1% per year through 2035. More recently, an article in
5 the Wall Street Journal, quoting from a newly released study funded by the
6 nonpartisan Alfred P. Sloan Foundation and performed by the University of
7 Texas, concluded that U.S. natural-gas production will accelerate over the next
8 three decades, so that U.S. shale-rock formations will provide a growing source of
9 moderately priced natural gas through 2040. Furthermore, the research provided
10 substantial evidence that there are “large quantities of gas available that can be
11 drilled profitably at a market price of \$4 per million British thermal units, a
12 relatively small increase from the current price of about \$3.43.”² Similar reports
13 have consistently supported a view that natural gas commodity prices are unlikely
14 to increase beyond \$4 to \$6 per million Btu for the foreseeable future.

15 **Q. How large is the conversion opportunity in terms of the number of**
16 **prospective customers within Northern’s existing service areas?**

17 A. Northern currently serves approximately 29,000 customers in 22 communities in
18 New Hampshire. Yet, in those same communities, there are an additional 70,000
19 homes and businesses that do not currently have natural gas service. In addition to
20 off-the-main and near-the-main opportunities, we have identified nearly 20,000

¹ Annual Energy Outlook 2012 with Projections to 2035, U.S. Energy Information Administration, June 2012

1 on-the-main prospects in New Hampshire. These are potential customers who
2 have an existing main directly in front of their home or business. We intend to
3 aggressively target these potential customers in the coming years with the
4 objective of significantly increasing our on-the-main penetration. If successful,
5 we hope to capture much of this on-the-main potential within 10 years, while
6 continuing to extend mains to new areas and off-the-main customers as
7 opportunities arise.

8 **Q. How much is the Company planning to spend in customer expansion?**

9 A. The Company expects to invest \$40 million over the next five years expanding
10 natural gas service to new customers in New Hampshire. This investment will
11 result in the conversion of nearly 8,000 homes and businesses to natural gas from
12 other fuel alternatives, and includes both on-the-main activity as well as
13 extensions of mains to new locations. At the end of the five year period in 2017,
14 the Company estimates it will have approximately 37,000 customers in New
15 Hampshire. Given the current economics of gas prices relative to propane and fuel
16 oil, these conversions are expected to yield more than \$12 million annually in
17 energy savings for New Hampshire consumers by the end of the five year period.
18 Looking ahead, we expect to invest roughly \$85 million on gas expansion over
19 the next ten years from 2013 to 2022, and will convert more than 16,000
20 customers to natural gas over that timeframe.

² Gas Boom Projected To Grow For Decades, by Russell Gold, Wall Street Journal, February 28, 2013.

1 **C. CAPITAL INVESTMENT**

2 **Q. How much does the Company intend to invest in New Hampshire as part of**
3 **its 5-year capital plan?**

4 A. The Company plans to spend approximately \$83 million over the next five years
5 on infrastructure replacement, customer expansion, enhancements to the gas
6 distribution system in New Hampshire, and related activities. This spending is
7 broken down as follows:

- 8 • Gas Expansion \$40 million
- 9 • Infrastructure Replacement – \$34 million
- 10 • “Other” spending – \$8.8 million

11 **Q. You have already described the Company’s plans for customer expansion**
12 **and infrastructure replacement. Please describe what is included in “other”**
13 **spending.**

14 A. “Other” spending consists of everything else in the budget, including meter
15 purchases, corrosion control, system upgrades, telemeter and SCADA additions,
16 installation of critical valves, as well as tools, equipment, and facilities projects. A
17 more detailed breakdown is provided as follows:

- 1 • Approximately \$6.3 million will be spent on annual authorizations for
2 distribution system improvements, corrosion control, abandoned services, and
3 new meter purchases and installations that are not growth related.³
- 4 • Approximately \$1.3 million will be spent on specific projects involving
5 improvements and upgrades to the gas distribution system including regulator
6 station improvements, telemeter additions, SCADA additions and upgrades,
7 critical valves installations, compliance and distribution integrity management
8 projects.
- 9 • \$600K will be spent on new water heater and conversion burners as well as
10 replacements.
- 11 • The remaining \$550K will be spent on tools and equipment including
12 metering mobile drive-by equipment, office furniture, and structures including
13 upgrades to the Portsmouth office.

14 **III. TARGETED INFRASTRUCTURE REPLACEMENT ADJUSTMENT**

15 **MECHANISM**

16 **A. ELIGIBLE FACILITIES**

17 **Q. Is the company proposing a cost recovery mechanism to recover the costs of**
18 **infrastructure replacement programs as part of its rate request?**

19 A. Yes. The Company is proposing a Targeted Infrastructure Replacement
20 Adjustment (“TIRA”) Mechanism within its proposed Rate Plan that will allow it
21 to recover the prudently incurred costs of the bare steel replacement program. As

³ Because there are many projects of this nature, and the cost of each project is small, these projects are covered under blanket authorizations.

1 described more fully below, the Company also proposes to include in the TIRA
2 the cost to replace cast and wrought iron mains, unprotected coated steel mains,
3 unprotected steel services, farm tap regulators, aging regulator stations as well as
4 facilities that are replaced due to state and municipal infrastructure projects.
5 Replacement of these additional facilities and their inclusion in the TIRA is
6 premised on the same criteria, including improved safety and reliability, that
7 supported the Commission's finding that the bare steel replacement program is
8 reasonable and in the public interest. The design of the TIRA is discussed in
9 detail in the Testimony of James D. Simpson.

10 **Q. Please identify the specific facilities that are proposed for inclusion in the**
11 **TIRA Mechanism.**

12 A. The Company proposes to include the following facilities as eligible for recovery
13 under the TIRA.

- 14 1. Replacement of all bare steel, non-cathodically protected ("unprotected")
15 coated steel, and cast/wrought iron mains and services.
- 16 2. Replacement of outdated or obsolete regulator stations posing a risk to safety
17 or reliability, including farm tap regulators.
- 18 3. Replacement of facilities due to state and municipal highway projects.

1 **Q. Please describe the bare steel, unprotected coated steel and cast/wrought iron**
2 **mains and services that are to be included in the TIRA Mechanism.**

3 A. At the end of 2012, Northern had approximately 22 miles of bare steel mains, 6
4 miles of cast/wrought iron mains, 2 miles of unprotected coated steel mains, 294
5 bare steel services, and 111 unprotected coated steel services. The cost of
6 replacing these facilities over the next five years is estimated at approximately
7 \$24 million, *excluding* facilities replaced in conjunction with highway relocation
8 projects that will be covered separately. The Company proposes to include the
9 cost of replacing these facilities in the TIRA Mechanism.

10 **Q. Does the Company have analyses or studies supporting the replacement of**
11 **these facilities?**

12 A. Yes. In accordance with 49 CFR Part 192 Subpart P (“IM Rule”) the Company
13 implemented a Distribution Integrity Management Plan (“DIMP”) in 2011.
14 Northern’s DIMP is a risk management program tailored to natural gas
15 distribution pipelines, and is intended to promote continuous improvement in
16 pipeline safety by requiring the operator to identify and invest in risk control
17 measures beyond core regulatory requirements. The basic principle underlying
18 integrity management is that “operators should identify and understand the threats
19 to their pipelines and apply their safety resources commensurate with the
20 importance of each threat.” Pipeline Safety: Integrity Management Program for
21 Gas Distribution Pipelines, 74 Fed. Reg. at 63,906. Upon implementing its plan,
22 the Company has confirmed that corrosion of bare and unprotected steel mains

1 and services (along with cast iron mains) are among the highest risks in our
2 system.

3 **Q. What are farm tap regulators and why are they being replaced?**

4 A. Farm tap regulators are direct-buried regulators that were installed by Northern in
5 the past (prior to Unital's acquisition of Northern) to serve rural residential and
6 commercial customers. PHMSA has defined a farm tap as "industry jargon for a
7 pipeline that branches from a transmission or gathering line to deliver gas to a
8 farmer or other landowner."⁴ They may also be referred to in the industry as
9 pressure limiting valves or PLVs. While commonly used in the industry, these
10 buried farm tap regulators were identified in Northern's DIMP as posing a
11 corrosion risk. As a result, the Company is developing a risk assessment model to
12 prioritize the replacement of these regulators. Northern currently has 558 farm tap
13 regulators in the New Hampshire distribution system and the cost to replace these
14 regulators has been estimated at approximately \$14,000 per regulator, or about
15 \$7.4 million in total. The Company intends to complete this work over a ten year
16 period, between 2013 and 2022.⁵

⁴ Customer-Owned Service Lines, 60 Fed. Reg. 41821, 41823 (August 14, 1995).

⁵ The Company recently advised Commission Staff of the issues concerning these regulators and the plan for their replacement in a March 20, 2013 letter from Christopher LeBlanc to Randall S. Knepper, Director of the Gas Safety Division.

1 **Q. Are there other regulator replacements that are to be included in the TIRA**
2 **Mechanism?**

3 A. Yes. The Company has a multi-year program to replace aging regulator stations
4 that have deteriorated due to age, materials used in original construction and
5 susceptibility to groundwater infiltration. These replacements are being prioritized
6 based on various factors including compliance with current codes, regulations and
7 standards, age, location, physical condition, component obsolescence, corrosion
8 history and susceptibility to water intrusion. Replacement of obsolete equipment,
9 such as Fisher 99 pressure regulators, will be addressed as part of this program.
10 As each regulator station is replaced, it is upgraded to conform to current codes
11 and standards, including the equipment necessary for SCADA. The Company
12 plans to spend approximately \$800,000 on these regulator replacements over the
13 next five years.

14 **Q. Why are projects associated with state and municipal highway/infrastructure**
15 **projects included in the TIRA Mechanism?**

16 A. The Company expects to spend \$8.2 million over the next five years on highway,
17 bridge and other municipal infrastructure projects. This represents a heavy level
18 of spending in comparison to historic norms, driven by increased funding
19 associated with the American Recovery and Reinvestment Act of 2009 as well as
20 other government mandates and priorities (e.g., sewer separation projects). Many
21 of these projects involve replacement of cast iron mains and other aging
22 infrastructure that have already been identified as improving the safety and

1 reliability of Northern's distribution system, and are consistent with other non-
2 revenue producing infrastructure replacement projects proposed for the TIRA.
3 Highway (replacement) projects included in the 2013 budget include replacement
4 of 8" cast iron mains along Daniel Street and Chapel Street in Portsmouth,
5 replacement of 6" cast iron mains on Maplewood Street and Deer Street in
6 Portsmouth, and replacement of 6" cast iron mains along High Street in
7 Somersworth in conjunction with a pressure conversion that will permit the
8 elimination of an aging regulator station in Somersworth. These replacement
9 projects are all driven by municipal projects that create conflicts and
10 encroachments with Northern's facilities, but also result in the removal of aging
11 risk-prone infrastructure consistent with the Company's DIMP.

12 **Q. How does the Company determine the need for replacement, and what**
13 **happens if such projects are delayed or canceled?**

14 A. The Company relies upon plans submitted to Northern by state and local officials
15 to determine if there are any conflicts with Northern's facilities that need to be
16 addressed. In evaluating the requirements of each project, the Company considers
17 such factors as the age, location, and physical condition of the affected facilities,
18 as well as leak history. Facilities are only replaced if such replacement is essential
19 to the state or municipal construction project, or if removal of aging facilities is
20 consistent with the prioritization of risks identified in the Company's DIMP. If
21 state and municipal projects are delayed, canceled, or never materialize, then this
22 money is not spent and hence is not subject to recovery under the TIRA

1 Mechanism. Alternatively, replacement would otherwise be justified based on
2 prioritization of risks under Northern's DIMP.

3 **B. COST MANAGEMENT**

4 **Q. How does the Company ensure that bare steel and other infrastructure**
5 **replacement projects are completed as cost effectively as possible?**

6 A. The primary means by which the Company controls costs and ensures the lowest
7 price for its construction, including bare steel replacement, is the contracting
8 strategy devised for these activities. Unitil awards multi-year contracts structured
9 as "unit price contracts" through a competitive bidding process. Given the
10 volume of work currently being performed across all of the Company's locations,
11 the most recent multi-year contract was aggressively bid by several major
12 contractors, thereby ensuring highly competitive pricing. Before awarding the
13 contract, we perform analyses to ensure that the winning bidder delivers the
14 lowest overall cost given the actual units of work to be completed.

15 **Q. Please describe the unit price contract.**

16 A. A unit price contract is one under which the Company pays a predetermined price
17 for a defined quantity of work to be performed, including the price charged for
18 labor, construction materials, equipment rental, and associated services. In this
19 way, the cost of construction is "controlled" because the cost is fixed for the
20 duration of the contract and the contractor is only paid for units of work
21 completed. The contractor is incented to work efficiently and complete as many

1 units of work as possible, while the Company and its ratepayers are protected
2 from construction inefficiencies.

3 Through this contracting strategy, the Company accomplishes two key objectives:

- 4 1. The objective of ensuring that services (unit prices) are obtained at the lowest
5 available cost is ensured through competitive solicitation; and
- 6 2. The objective of cost control is accomplished through the unit pricing (fixed
7 pricing) in the contract.

8 **Q. What controls does the Company have to ensure that only replacement work**
9 **is charged to the TIRA, and not installation of new mains or services?**

10 A. Every new service and customer project is entered into the Company's customer
11 project tracking system called "G-Intake" and is tracked through that system. No
12 new service or main installation progresses to construction until a contract is
13 signed with the customer. When a new service or project is ready for scheduling,
14 it is assigned a unique construction work order ("CWO") number under the
15 appropriate spending authorization for new customer work. This number must be
16 assigned before materials are issued and the work is scheduled for construction,
17 and hence is not determined by crews in the field. There are numerous checks
18 and sign-offs as the installation progresses from field inspection through
19 supervisory review. In addition, when construction is completed all paperwork is
20 subject to audit, and the asset and its corresponding CWO are assigned a unique
21 identification number in the Company's Compliance Management System
22 ("CMS"). Every service replaced must have an assigned CMS asset ID, and if

1 any paperwork came in without this asset ID it would automatically be flagged.
2 This ensures that services cannot be installed as the result of decisions in the field,
3 since each must have a corresponding asset ID number.

4 **Q. Do the Company's project supervisors have incentives for cost containment?**

5 A. Yes. Unital has a performance management system for setting performance
6 expectations, monitoring progress, measuring results, appraising, rewarding
7 and/or correcting employee performance. In addition, we use project
8 management techniques to manage construction and maintenance activities. The
9 project supervisors have ownership of assigned projects and are responsible for
10 the scope, schedule and budgetary objectives for each project. As part of the
11 Company's performance management system each manager and supervisor
12 receives an annual performance contract. This performance contract covers all
13 aspects of job expectations, including meeting established financial objectives,
14 which are weighted heavily. The performance review process includes, at a
15 minimum, two written performance appraisals (mid-year and year end) and our
16 organizational structure provides the opportunity for continuous feedback.
17 Annual salary increases for established supervisors are merit based, and the
18 financial incentive for project cost control is established through this process.

1 **C. ANNUAL REPORTING**

2 **Q. How does the Company propose to track and report TIRA activities and**
3 **costs each year?**

4 A. Similar to the annual reporting for the Reliability Enhancement Program (“REP”)
5 approved for UES on the electric side, the Company will provide an annual report
6 to the Commission on or before the last day of February of each year showing
7 actual TIRA activities and costs for the previous calendar year and Northern’s
8 planned activities and costs for the current calendar year. As part of this annual
9 report, the Company will provide information on pipe abandonment, budget and
10 completion targets as well as explanations of the prioritization of risks under
11 Northern’s DIMP.

12 **IV. CONCLUSION**

13 **Q. Can you please summarize your testimony?**

14 A. Yes. I have provided testimony regarding the Company’s plans to replace
15 outdated infrastructure while investing in the expansion of our natural gas system
16 to serve thousands of new customers in New Hampshire, and on the need for a
17 separate cost recovery mechanism to recover the costs of expensive non-growth
18 infrastructure replacement programs. I will summarize my testimony briefly here.

19 Infrastructure Replacement

- 1 • The Company plans to invest more than \$26 million over the next five years
2 replacing bare steel mains and services and other outdated or obsolete
3 infrastructure. Such replacement is prioritized under Northern’s DIMP.
- 4 • In addition, the Company expects to spend more than \$8 million on state and
5 municipal infrastructure projects over the same timeframe. Much of this
6 spending is associated with replacement of cast iron mains.

7 Customer Expansion

- 8 • The Company plans to invest more than \$40 million over the next five years
9 to expand natural gas service to new customers in New Hampshire. This
10 investment is expected to result in the conversion of nearly 8,000 homes and
11 businesses to natural gas from other fuel alternatives.
- 12 • Given current economics of natural gas prices relative to fuel oil and propane,
13 these conversions are expected to yield more than \$12 million in annual
14 savings for New Hampshire consumers by the end of the five year period,
15 directly benefiting the local economy.
- 16 • As our customer base grows, ratepayers will benefit as the Company’s cost of
17 service is spread over the significantly expanded delivery volumes.

18 Targeted Infrastructure Replacement Adjustment

- 19 • The Company is proposing a cost recovery mechanism that will allow it to
20 recover the prudently incurred costs of the the bare steel replacement program
21 and other infrastructure replacement projects defined as eligible facilities on a
22 more timely basis.

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

24 A. Yes, it does.