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24STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSIONMay 5, 2016 - 9:04 a.m.  
Concord, New Hampshire

DAY 2

[REDACTED - for public use]

NHPUC MAY31'16 AM 8:40

RE: DG 15-155  
VALLEY GREEN NATURAL GAS, LLC:  
Petition for Franchise Approval.PRESENT: Chairman Martin P. Honigberg, Presiding  
Commissioner Robert R. Scott  
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

APPEARANCES: Reptg. Valley Green Natural Gas, LLC:  
Charles G. Willing, Jr., Esq. (Rath...)  
Marcia A. Brown, Esq. (Rath, Young...)Reptg. Liberty Utilities (EnergyNorth  
Natural Gas) Corp. d/b/a Liberty Util.:  
Douglas L. Patch, Esq. (Orr & Reno)Reptg. NG Advantage, LLC:  
Susan S. Geiger, Esq. (Orr & Reno)Reptg. the City of Lebanon:  
Fire Chief Christopher Christopoulos

Ariel Arwen, pro se

Court Reporter: Steven E. Patnaude, LCR No. 52

[REDACTED - FOR PUBLIC USE]



ORIGINAL

**APPEARANCES: (C o n t i n u e d)**

**Reptg. Residential Ratepayers:**

Nicholas Cicale, Esq.

Pradip Chattopadhyay, Asst. Cons. Adv.

Office of Consumer Advocate

**Reptg. PUC Staff:**

Alexander F. Speidel, Esq.

Stephen Frink, Asst. Dir./Gas-Water Div.

Randall Knepper, Dir./Safety Division

Robert Wyatt, Asst. Dir./Safety Division

**I N D E X****PAGE NO.**

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                              **KENNETH H. STANLEY**  
                              **JONATHAN W. CARROLL**  
                              **ADAM BERNSTEIN**

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|-------------|---|-----------|
| 2           | Valley Green Natural Gas Pre-filed Testimony and Attachments of Messrs. Campion, Stanley, Carroll and Brown | premarked |
| 3           | Valley Green Natural Gas Supplemental Testimony   | premarked |
| 4           | Non-Confidential Discovery Responses  | premarked |
| 5           | <u>Confidential</u> Discovery Responses   | premarked |
| 6           | Public Versions of Confidential Discovery Responses (Public version of Exhibit 5)                           | premarked |
| 7           | Direct Testimony and Attachments of Stephen Frink   | premarked |
| 8           | Joint Direct Testimony of Randall Knepper & Robert Wyatt  | premarked |
| 9           | Prefiled Unredacted Testimony and Attachments of Dr. Pradip Chattopadhyay                                   | premarked |
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**P R O C E E D I N G**

CHAIRMAN HONIGBERG: Welcome back to Docket DG 15-155. We are resuming the suspended hearing on the merits in this matter. Contrary to some people's view, we are not starting back from square one. This is a hearing that commenced and will continue. We understand the parties -- some parties worked on renumbering exhibits. And, unfortunately, we disagreed with the approach being taken. So, you've had to retrench, and I understand that that's going to -- that has caused some confusion, and probably will cause confusion as we go, and we apologize for that.

Before we go any further, let's take appearances and see who we have here today.

MR. WILLING: Okay. I'm Chuck Willing. I'm here from Rath, Young & Pignatelli, on behalf of Valley Green Natural Gas. Would you like me to identify everybody who is here on that team?

CHAIRMAN HONIGBERG: No.

MR. WILLING: No? Okay.

MS. GEIGER: Good morning, Mr. Chairman and Commissioners. I'm Susan Geiger, from the

1 law firm of Orr & Reno, and I represent NG  
2 Advantage, LLC.

3 MR. PATCH: Good morning. Doug Patch,  
4 from Orr & Reno, on behalf of Liberty Utilities.

5 CHAIRMAN HONIGBERG: Back there.

6 MS. ARWEN: Good morning, Mr. Chairman  
7 and Commissioners. I'm Ariel Arwen, and I'm a  
8 *pro se* intervenor.

9 MR. CICALÉ: Nicholas Cicale, on behalf  
10 of the Office of Consumer Advocate. Along with  
11 me is the Assistant Consumer Advocate, Dr. Pradip  
12 Chattopadhyay.

13 MR. CHRISTOPOULOS: Chris Christopolous  
14 representing the City of Lebanon.

15 MR. SPEIDEL: Alexander Speidel  
16 representing the Staff of the Commission. And I  
17 have with me, from right to left, Steve Frink,  
18 Assistant Director of the Gas and Water Division;  
19 Randy Knepper, Director of the Safety Division;  
20 and Bob Wyatt, Assistant Director of the Safety  
21 Division.

22 CHAIRMAN HONIGBERG: All right.  
23 Mr. Willing, you're going to be picking up where  
24 you left off last time, or maybe having to

1       retrench a little bit to move forward. Is that  
2       right?

3               MR. WILLING: Yes. We had -- we had  
4       planned for a different approach to exhibits when  
5       we consolidated some exhibits. So, I think what  
6       we'd like to do is put our witnesses on the  
7       stand, start with going through those exhibits,  
8       which are very limited in number, and then  
9       proceed with direct testimony, if that's all  
10      right?

11             CHAIRMAN HONIGBERG: Okay. Do you want  
12      to sort of put on the record an orientation of  
13      what we have in front of us, because there's some  
14      documents on the Bench that appear to be marked  
15      and obviously have some significance. But do you  
16      want to give us a little preview of how this is  
17      going to go?

18             MR. WILLING: Yes. As far as the  
19      exhibits are concerned, the Exhibit No. 2 is a  
20      consolidated version of all of Valley Green's  
21      prefiled written testimony. Exhibit 3 proposed  
22      is Valley Green's supplemental testimony.  
23      Exhibit 4 is a binder that contains selected  
24      non-confidential discovery responses of Valley

1 Green that we combined for ease and efficiency of  
2 identifying them. Exhibit 5 is the confidential  
3 counterpart to Exhibit 4. Exhibit 6 is the  
4 public version of the confidential discovery  
5 responses, which are Exhibit 5. Exhibits 7 -- 7  
6 will be the testimony of Steve Frink. Exhibit 8  
7 will be the testimony of Mr. Knepper and  
8 Mr. Wyatt. Nine (9) will be the confidential  
9 testimony of Dr. Chattopadhyay. And Exhibit 10  
10 will be the biography of Adam Bernstein, who is a  
11 replacement witness today.

12 (The documents, as described, were  
13 herewith marked as **Exhibit 2**  
14 through **Exhibit 10**, respectively,  
15 for identification.)

16 CHAIRMAN HONIGBERG: All right. Is  
17 there anything else we need to know or do before  
18 we get started?

19 Commissioner Bailey has a question and  
20 Commissioner Scott has a question.

21 CMSR. BAILEY: Mr. Willing, can you  
22 confirm for me that the new Exhibit 2 is  
23 identical to the old March Exhibit 2, 3, 4, and  
24 5?



1 MR. WILLING: That is correct. It's  
2 Bates stamped, --

3 CMSR. BAILEY: Right. But --

4 MR. WILLING: -- but otherwise  
5 identical.

6 CMSR. BAILEY: Okay. Thank you.

7 CHAIRMAN HONIGBERG: Commissioner  
8 Scott.

9 CMSR. SCOTT: I apologize, Attorney  
10 Willing. So, Exhibit 9, for instance, on your --  
11 you just said is the OCA's confidential filing?

12 MR. WILLING: Yes.

13 CMSR. SCOTT: So, in front of me I have  
14 also marked "Exhibit 9", then says "5 of 5",  
15 which is a data request response?

16 MR. WILLING: Yes. That was the  
17 Exhibit 9 from the March hearing.

18 CHAIRMAN HONIGBERG: So, where it says  
19 "5/5" below "Exhibit 9", that's a designation  
20 that it's Exhibit 9 for today or that it's  
21 Exhibit 9 from --

22 MR. WILLING: Oh, I'm sorry. I'm  
23 sorry, I was mistaken. That is the exhibit for  
24 today. I think it's been maybe mislabeled to say

1 "5/5". Exhibit 9 should be, and which -- and I'm  
2 not sure you have the Exhibit 9 in front of you  
3 yet, but the Exhibit 9 you have in front of you  
4 is from the March hearing. So, it may be  
5 mislabeled.

6 CHAIRMAN HONIGBERG: Off the record for  
7 a minute.

8 *[Brief off-the-record discussion*  
9 *ensued.]*

10 CHAIRMAN HONIGBERG: All right. We're  
11 back on the record. Is there anything else we  
12 need to do in the nature of preliminary matters?  
13 Ms. Geiger, you look concerned.

14 MS. GEIGER: Oh, I'm not. I was trying  
15 to answer a question from Ms. Arwen. I  
16 apologize.

17 The only question that I have for you,  
18 Mr. Chairman, is, or just a comment --

19 *[Court reporter interruption.]*

20 CHAIRMAN HONIGBERG: You need to have a  
21 microphone.

22 MS. GEIGER: I apologize. Is just to  
23 let you know that other parties will be marking  
24 their prefiled testimony. This is not the

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 universe of exhibits.

2 CHAIRMAN HONIGBERG: Oh. Understood.

3 MS. GEIGER: Thank you.

4 CHAIRMAN HONIGBERG: There's lots of  
5 lines after Line 10 on this sheet. So, I kind of  
6 expect we're going to have more.

7 Are there other matters we need to deal  
8 with before we get started?

9 *[No verbal response.]*

10 CHAIRMAN HONIGBERG: All right. Mr.  
11 Willing, why don't you have your witnesses take  
12 the stand.

13 Mr. Campion and Mr. Stanley were sworn  
14 in previously, and we'll remind you that you are  
15 under oath. Mr. Patnaude, why don't you swear in  
16 the witnesses who have not yet been sworn in.

17 (Whereupon **Jonathan W. Carroll** and  
18 **Adam Bernstein** were duly sworn by  
19 the Court Reporter, joining **James**  
20 **W. Campion, IV**, and **Kenneth H.**  
21 **Stanley**, who were previously sworn  
22 in, on the witness panel.)

23 CHAIRMAN HONIGBERG: Mr. Willing, you  
24 may proceed.

1                   MR. WILLING:   Okay.

2                   **JAMES W. CAMPION, IV, PREVIOUSLY SWORN**

3                   **KENNETH H. STANLEY, PREVIOUSLY SWORN**

4                   **JONATHAN W. CARROLL, SWORN**

5                   **ADAM BERNSTEIN, SWORN**

6                   **DIRECT EXAMINATION**

7 BY MR. WILLING:

8 Q.     Mr. Campion, please state your name, your  
9           company, and your position.

10 A.     (Campion) My name is James Campion.  And I am the  
11           Principal at Valley Green Natural Gas.  And I  
12           live in Hanover, New Hampshire.

13 Q.     Mr. Stanley, please state your name, your  
14           company, and your position.

15 A.     (Stanley) My name is Ken Stanley.  I'm the  
16           President of the TRI-MONT Engineering, and  
17           located in Plymouth, Massachusetts.

18 Q.     Okay.  Mr. Carroll, please state your name, your  
19           company, and your position.

20 A.     (Carroll) Jonathan Carroll, Senior Director of  
21           Business Development and Marketing at Gulf Oil,  
22           in Wellsley, Massachusetts.

23 Q.     Okay.  And, Mr. Bernstein, please state your  
24           name, your company, and your position.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Bernstein) Adam Bernstein, New Energy Capital  
2           Partners, a Managing Partner.

3     Q.     Okay.  Mr. Bernstein, are you here in place of  
4           Scott Brown of New Energy Capital Partners, who  
5           is a witness?

6     A.     (Bernstein) Yes.

7     Q.     Mr. Campion, do you have some introductory  
8           remarks you wish to make?

9     A.     (Campion) Yes.  Good morning -- good morning to  
10          all in attendance.  And, to the Commissioners,  
11          thank you for hearing my application for a  
12          franchise pipeline natural gas distribution in  
13          Lebanon and Hanover.  And I apologize for a bit  
14          of a rough start with our first presentation.  
15          And I thank you for your continued patience going  
16          forward.

17    Q.     Okay.  Now, we're going to proceed into a series  
18          of questions just to identify the exhibits.  Mr.  
19          Campion, did you file prefiled testimony that was  
20          filed with the Commission along with the Valley  
21          Green Petition?

22    A.     (Campion) Yes.

23    Q.     And is that testimony located at Bates Pages 1  
24          through 16 of what we have premarked as "Exhibit

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           2" in front of you?

2   A.     (Campion) Yes.

3   Q.     If you were asked the same questions today, would  
4           the answers be the same, subject to the changes  
5           in the project identified in supplemental  
6           testimony?

7   A.     (Campion) Yes.  Except for some of the  
8           developmental timeframes identified in testimony  
9           have slipped.  The long-term contracts have not  
10          been finalized in anticipated timeframes.  And  
11          our current planning is that Valley Green itself  
12          will not own its tanks, which I'll explain later.  
13          Some of the Valley Green's permits and permit  
14          applications discussed in testimony are in my  
15          name, and/ -- or in one of my companies' names,  
16          but they can be relied on by Valley Green.

17  Q.     Okay.  Mr. Stanley, I'd like to refer you to the  
18          same document.  Did you submit prefiled testimony  
19          that was filed with the Commission, along with  
20          the Valley Green Petition?

21  A.     (Stanley) Yes, I did.

22  Q.     And is that testimony located at Bates Pages 17  
23          through 30 of the document in front of you?

24  A.     (Stanley) Yes, it is.

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1   Q.   And, if you were asked the same questions today,  
2       would your answers be the same, subject to the  
3       changes to the project identified in the  
4       supplemental testimony?

5   A.   (Stanley) Yes.  Subject to the exceptions that  
6       Mr. Campion just identified.

7   Q.   Okay.  Mr. Carroll, I'd like to refer you to the  
8       same document.  Did you submit prefiled testimony  
9       that was filed --

10  A.   (Carroll) Yes, I did.

11  Q.   And is that testimony located at Bates Pages 31  
12       through 37 of that document?

13  A.   (Carroll) Yes, it is.

14  Q.   And, if you were asked the same questions today,  
15       would your answers be the same, subject to the  
16       changes in the supplemental testimony?

17  A.   (Carroll) Chuck, a few things have changed since  
18       May 2015.  Gulf Oil was acquired by ArcLight  
19       Capital, and officially transferred to the new  
20       owners on December 29th, 2015.  Gulf Oil's  
21       business address is now 80 William Street,  
22       Wellsley, Massachusetts.  In the transaction,  
23       Gulf retained all of the natural gas assets,  
24       including the LNG vehicle refueling equipment,

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           storage containers, cryogenic transport trailers,  
2           and liquefaction property.  The ownership of the  
3           fleet, including the drivers and tractors, remain  
4           with Cumberland Farms, however.  And all other  
5           details of my testimony remain the same.

6  Q.    Okay.  Mr. Bernstein, am I correct that you  
7           agreed to adopt the prefiled testimony of Scott  
8           Brown of New Energy Capital Partners that was  
9           filed with the Commission?

10 A.    (Bernstein) Yes.

11 Q.    And is that testimony at Bates Pages 38 through  
12           41 of that same document?

13 A.    (Bernstein) Yes.

14 Q.    If you were asked those questions today, would  
15           your answers be the same, subject to the changes  
16           identified in the supplemental testimony?

17 A.    (Bernstein) Yes.

18 Q.    Okay.  And, also, Mr. Bernstein, I think you have  
19           in front of you a one-page document that is your  
20           biography, is that right?

21 A.    (Bernstein) Yes.

22 Q.    Okay.  That biography is "Exhibit 10".  Mr.  
23           Campion, I'd like to refer you to the  
24           supplemental testimony that is premarked as



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           "Exhibit 3".  Is this the supplemental testimony  
2           that was filed on behalf of you and the other  
3           witnesses?

4   A.     (Campion) Yes.

5   Q.     Do you adopt it as your supplemental testimony?

6   A.     (Campion) Yes, I do.

7   Q.     Mr. Stanley, do you adopt this as your  
8           supplemental testimony?

9   A.     (Stanley) I do.

10  Q.     Mr. Carroll, do you adopt this as your  
11          supplemental testimony?

12  A.     (Carroll) Yes, I do.

13  Q.     And, Mr. Bernstein, do you adopt this as your  
14          supplemental testimony?

15  A.     (Bernstein) Yes.

16  Q.     Mr. Campion, I'd like to refer you to a binder  
17          labeled "Exhibit 4".

18  A.     (Campion) Yes.

19  Q.     Does this binder consist of a selection of  
20          non-confidential discovery responses that Valley  
21          Green has delivered to the parties in this  
22          matter?

23  A.     (Campion) Yes, it does.

24  Q.     Do you adopt this -- do you adopt as your

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           testimony the responses in this binder for which  
2           you were identified as the witness?

3   A.     (Campion) Yes, I do.

4   Q.     Mr. Stanley, do you adopt as your testimony the  
5           responses for which you were identified as the  
6           witness?

7   A.     (Stanley) Yes, I do.

8   Q.     Mr. Carroll, do you adopt as your testimony the  
9           responses for which you were identified as the  
10          witness?

11  A.     (Carroll) Yes, I do.

12                   MR. WILLING:  And, just for clarity, I  
13           don't need to do that with Mr. Bernstein, because  
14           he doesn't have any responses in that binder.

15  BY MR. WILLING:

16  Q.     Mr. Campion, I'd like to refer you to the binder  
17          labeled "Exhibit 5".

18  A.     (Campion) Yes.

19  Q.     Does this binder consist of a selection of  
20          confidential discovery responses that Valley  
21          Green has delivered in this matter?

22  A.     (Campion) Yes.

23  Q.     Mr. Bernstein, do you -- and do you adopt as your  
24          testimony those responses?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) Yes, I do adopt those.

2     Q.     Mr. Bernstein, do you adopt as your testimony the  
3             response, and I think there was only one for  
4             which Mr. Brown was identified as the witness?

5     A.     (Bernstein) Yes.

6     Q.     And, finally, Mr. Campion, I'd like to refer you  
7             to the binder that is labeled for this matter  
8             "Exhibit 6", it's the public version of  
9             Exhibit 5.  Does this binder consist of the  
10            public version of the confidential discovery  
11            responses that Valley Green has delivered in this  
12            matter?

13    A.     (Campion) Yes, it does.

14    Q.     And do you adopt that as your testimony?

15    A.     (Campion) Yes, I do.

16    Q.     And, Mr. Bernstein, do you adopt the  
17             confidential -- or, the public version of the  
18             confidential response in that binder?

19    A.     (Bernstein) Yes.

20                   MR. WILLING:  I think we're done with  
21             the exhibits.

22    BY MR. WILLING:

23    Q.     Mr. Campion, have you ever testified before the  
24             Commission before?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) Other than the initial hearing on  
2           March 2nd of this year, no.

3     Q.     Okay.  Would you like to give a brief summary of  
4           your background.

5     A.     (Campion) I'm a resident of the Town of Hanover,  
6           and my family moved there in 1882.  My business  
7           life almost exclusively has been associated with  
8           the Upper Valley.  And it's been primary  
9           commercial downtown real estate development and  
10          management and project management, and retail  
11          business ownership and operation.  I believe I  
12          have a solid reputation.  And I've forged  
13          valuable relationships across a wide range of  
14          business interests in the Hanover/Lebanon area.

15    Q.     Mr. Campion, can you describe the basic concept  
16          of the Valley Green project?

17    A.     (Campion) Yes.  Valley Green will accept delivery  
18          of liquefied natural gas, LNG, by truck, store  
19          it, vaporize it, and distribute it in a pipeline  
20          to its customers.

21    Q.     Okay.  Mr. Campion, when did you first decide to  
22          undertake this project?

23    A.     (Campion) The decision to actively pursue the  
24          option of providing utility natural gas

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           distribution by pipeline was when it was noticed  
2           to the City as part of a preliminary site plan  
3           review in November 2013.

4   Q.    Okay.  Mr. Campion, can you describe the major  
5           physical components of the project when you filed  
6           your Petition?

7   A.    (Campion) It included a series of 60,000 gallon  
8           LNG tanks, vaporization equipment, and the  
9           pipeline distribution system.

10  Q.    Okay.  And can you describe any changes to the  
11          major components of the project?

12  A.    (Campion) Instead of the 60,000 gallon tanks,  
13          we're now pursuing a 1.2 million gallon single  
14          storage tank.

15  Q.    Okay.  I want to refer you to Exhibit 2, which  
16          again is the combined prefiled testimony, at  
17          Bates Page 30.  Can you look at that page, which  
18          contains a map, and identify where the project  
19          will be located?

20  A.    (Campion) If you're looking at that map, you can  
21          see in a green box where it says "VGNG" in the  
22          center of a blue -- a blue property line.  That's  
23          the proposed location of the facility.  It's  
24          located off the Etna Road in Lebanon, New

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       Hampshire, juxtaposed to the Interstate, Route  
2       89.  And the pipeline is proposed to run from  
3       that location due south to, across Route 120,  
4       onto a parallel road that runs -- that runs north  
5       to Dartmouth-Hitchcock Center, the Centerra  
6       Office Park, and eventually downtown Hanover.

7  Q.   Do you recall the approximate length of the  
8       pipeline?

9  A.   (Campion) We bounced a couple of routes around,  
10      but it's in the four to four and a half mile  
11      range.

12 Q.   Okay.  How big is the parcel on which the  
13      property will be -- or, the project will be  
14      located?

15 A.   (Campion) It's 182 acres.

16 Q.   And who owns that parcel?

17 A.   (Campion) It's owned by -- it's owned by Choice  
18      Storage.

19 Q.   And who is Choice Storage?

20 A.   (Campion) Choice Storage is me.  It's a company I  
21      own.

22 Q.   Okay.  So, how would Valley Green Natural Gas get  
23      the right to site a project on that parcel?

24 A.   (Campion) I'm sorry?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     How will Valley Green get the right to site a  
2           project on the parcel that's owned by Choice  
3           Storage?

4     A.     (Campion) Oh.  We would be -- we'd be writing a  
5           lease contract for the property that will be  
6           subdivided out for the utility.

7     Q.     And how large do you expect the site that would  
8           be leased by Choice to Valley Green would be?

9     A.     (Campion) Six to twelve acres.

10    Q.     If Valley Green needed a larger area than that,  
11          could the site be enlarged?

12    A.     (Campion) Yes.  Certainly.

13    Q.     Is the site and the larger parcel a good site for  
14          a natural gas project?

15    A.     (Campion) Yes, it is.  It's a very good site.

16    Q.     Can you explain why you believe it's a good site?

17    A.     (Campion) There are a lot of factors.  First of  
18          all, it's in an industrial zone that has  
19          customers.  And it's on existing infrastructure,  
20          meaning the City sewer and water and solid roads.  
21          It's distant from all residential areas.  It's  
22          proximate to a very high percentage of the demand  
23          in the area.  It's proximate to the Interstate  
24          exit.  It's large enough to allow for setbacks

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           for life safety and 59A regulations.  It's large  
2           enough to add sustainable and renewable resources  
3           as well.  It's large enough for the vehicle  
4           refueling component, which was part of this  
5           project.  It's proximate to those vehicle  
6           refueling customers.  And, equally important,  
7           it's out of sight of the general public.

8  Q.    Okay.  Will the storage tank be owned by Valley  
9           Green Natural Gas?

10 A.    (Campion) No.  The tank will be owned by Valley  
11           Green Energy Services.

12 Q.    Is Valley Green Energy Services your company as  
13           well?

14 A.    (Campion) Yes, it is.

15 Q.    And was it formed after the filing of your  
16           Petition?

17 A.    (Campion) Yes, it was.

18 Q.    Okay.  What will Valley Green Energy Services do?

19 A.    (Campion) It will conduct unregulated parts of  
20           the Valley Green business, such as delivering LNG  
21           by truck to remote customers, and owning and  
22           subscribing the storage tank.

23 Q.    How would Valley Green Natural Gas have the right  
24           to use the storage tank?



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) That would be done under contract on an  
2           as-needed basis.

3     Q.     From whom would Valley Green purchase the  
4           liquefied natural gas that would go into the  
5           tanks -- or, the tank?

6     A.     (Campion) From Gulf.

7     Q.     Do you have a contract with Gulf for that  
8           purchase?

9     A.     (Campion) We have a memorandum of understanding.

10    Q.     Why did you choose LNG over CNG as the primary  
11          fuel?

12    A.     (Campion) Well, there are a lot of reasons.  One  
13          of the biggest ones was the density of the fuel,  
14          which meant that we would be able to have more  
15          storage on site, and with a concern for meeting  
16          the seven-day storage requirement that was  
17          important.  It also tends to be a more stable  
18          priced fuel than the other alternatives that were  
19          out there for us.  The equipment costs more if we  
20          were to go with other types.  And it lends itself  
21          to storage, which is something that we really  
22          have to have.

23    Q.     Have you done any initial design work?

24    A.     (Campion) Yes.  TRI-MONT has done conceptual

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           work.

2   Q.     And who would do detailed design and construction  
3           design later?

4   A.     (Campion) TRI-MONT Engineering.

5   Q.     Who would perform operation and maintenance of  
6           your project?

7   A.     (Campion) For the gas tank and vaporization  
8           facility, it would be Gulf.  And, for the  
9           pipeline and distribution network, it will be  
10          TRI-MONT.

11  Q.     Do you believe that both of these companies are  
12          qualified to perform their respective roles?

13  A.     (Campion) Yes.  Very highly qualified.

14  Q.     And who would provide funding for your project?

15  A.     (Campion) We're planning on funding from New  
16          Energy Capital Partners.

17  Q.     And where are they based?

18  A.     (Campion) They're based in Hanover.

19  Q.     What kind of funding would they provide?

20  A.     (Campion) It would be an equity investment.

21  Q.     And when would that occur?

22  A.     (Campion) When the project was construction-ready  
23          or getting close to construction-ready.

24  Q.     Okay.  How did you come to identify New Energy

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           Capital Partners, TRI-MONT, and Gulf as members  
2           of your team?

3   A.     (Campion) Well, New Energy Capital and Scott  
4           Brown have been pivotal from the outset.  NEC is  
5           a Hanover-based business that's been behind the  
6           effort as a concept, and assisted in the analysis  
7           and direction of the company.  NEC really  
8           understands here, meaning the Upper Valley,  
9           because they are here.  And NEC and Scott  
10          understand the subtleties of the Lebanon/Hanover  
11          area, including relationships with special  
12          contract customers.

13                 For engineering, I had to throw a net, a  
14                 little wider net.  Key in-state potential  
15                 resources were excluded due to  
16                 conflict-of-interest claims.  But, when I found  
17                 TRI-MONT, I found that they had both local and  
18                 extremely broad experience record, and really  
19                 seemed to get the project from the outset.

20                 And Gulf is a real player in the LNG field.  
21                 They already do everything we require, and they  
22                 do it throughout the Northeast.  Our projects  
23                 remain symbiotic, with their projected supply and  
24                 our potential demand curve, pretty well matched.

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 That continues to be the case today. Gulf is  
2 proactive in the energy marketplace and provides  
3 real-world market evaluation and contracts  
4 experience that are critical for financing.

5 Q. Okay. Now, I will turn to Mr. Stanley. Have you  
6 ever testified before the Public Utilities  
7 Commission before?

8 A. (Stanley) Other than the March 2nd hearing, no.

9 Q. Would you like to give a brief summary of your  
10 background.

11 A. (Stanley) I've been in the engineering consulting  
12 industry for 30 years. Prior to that, I had six  
13 years of military service. I've been an owner at  
14 TRI-MONT Engineering, a mechanical civil  
15 survey/construction services consulting firm for  
16 the past four and a half years, working for the  
17 LDCs in New England and the Midwest, as well as  
18 the gas transmission companies across the  
19 country.

20 Prior to TRI-MONT, I was at a company for 23  
21 years, of which the last ten was in an ownership  
22 position, managing the energy infrastructure  
23 group in that company, which represented about  
24 125 engineering professionals across the US, in

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 eleven offices, and projects including -- that  
2 impacted 32 states, Canada, and South America.

3 Q. Okay. Did TRI-MONT do the initial design work on  
4 the project?

5 A. (Stanley) Yes, we did.

6 Q. Are you familiar with the Commission's seven-day  
7 storage requirement?

8 A. (Stanley) Yes, we are.

9 Q. Has that requirement been accounted for in the  
10 initial conceptual design?

11 A. (Stanley) Yes, it has.

12 Q. Will it be accounted for in the final design?

13 A. (Stanley) Yes, it will.

14 Q. Can you describe any comparable experience that  
15 TRI-MONT has had that is similar to the  
16 construction/engineer role that you would  
17 undertake for Valley Green?

18 A. (Stanley) On an annual basis, TRI-MONT provides  
19 engineering and construction-related services for  
20 a number of LDCs in New England, from a design  
21 perspective, inspection services perspective, as  
22 well as operations and maintenance support  
23 services. Two specific systems are municipal gas  
24 systems that are actually high pressure natural

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 gas delivery systems to power plants, which we  
2 are actually the identified operations and  
3 maintenance support team for the owner. We  
4 report to the owner, and the owner makes the  
5 decisions. However, we do perform the operations  
6 and maintenance elements of those systems. That  
7 is for Peabody Municipal Light & Power and  
8 Braintree Electric Light & Power.

9 Q. Okay. Do you believe that TRI-MONT is prepared  
10 to take on the construction, engineering, and  
11 operation and maintenance roles --

12 A. (Stanley) Yes, we do.

13 Q. -- for Valley Green? Does TRI-MONT understand  
14 the Commission's safety and other requirements  
15 that would be applicable to Valley Green, if it  
16 is granted a franchise?

17 A. (Stanley) Yes, we do.

18 Q. Okay. Now, I'd like to turn to Mr. Carroll.  
19 Have you ever testified before the Commission  
20 before?

21 A. (Carroll) No, I have not.

22 Q. Would you like to give a brief summary of your  
23 background.

24 A. (Carroll) Sure. I am currently the Senior

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           Director of Marketing and Business Development  
2           for Gulf.  I oversee the company's natural gas  
3           business unit.  I'm responsible for managing the  
4           day-to-day decisions regarding LNG supply,  
5           transportation, and distribution for Gulf and its  
6           customers.

7                 Prior to Gulf, I worked at Global Companies  
8           as a Business Development Manager for its  
9           inaugural CNG business unit, which owned and  
10          operated a bulk CNG facility in Bangor, Maine.

11                Prior to Global, I was an LNG Sales  
12          Representative at GDF Suez, now known as "ENGIE",  
13          which owns and operates the Distrigas of  
14          Massachusetts LNG Import Terminal.

15  Q.   Will Gulf be supplying LNG to the project by  
16       truck?

17  A.   (Carroll) Yes.

18  Q.   And where will the LNG come from?

19  A.   (Carroll) Gulf intends to give Valley Green  
20       access to natural gas at the wellhead in the  
21       heart of Marcellus Shale region of Pennsylvania,  
22       which is home to some of the lowest commodity  
23       prices in the country.  Natural gas can be  
24       sourced upstream from gas production companies,

1       such as Cabot or Southwestern, and delivered to  
2       Gulf's planned liquefaction facility, where it  
3       will be converted to LNG through a cryogenic  
4       process.  LNG will be stored on-site and also  
5       loaded into specialized trailers or storage  
6       containers for delivery to customers downstream.

7   Q.   Okay.  Referring to your testimony, which is  
8       Exhibit 2, can you describe how Gulf procures the  
9       gas that will be liquefied in its liquefaction  
10      plant?

11  A.   (Carroll) Sure.  Either Gulf or Valley Green can  
12      negotiate short or long-term transactions with  
13      producers for delivered service to the meter at  
14      Gulf's facility.  Natural gas can be procured at  
15      a fixed or floating price at various quantities  
16      depending upon the needs of Valley Green or  
17      Gulf's other customers.

18  Q.   Can you describe any comparable experience that  
19      Gulf has had that's similar to the role of  
20      operating and maintaining the storage tank and  
21      the vaporization equipment that you would  
22      undertake for Valley Green?

23  A.   (Carroll) Yes.  My response to EnergyNorth 1-10  
24      provides a good summary of Gulf's comparable



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           experience.  In general, though, Gulf's expertise  
2           in terminal management and logistics, Gulf --  
3           that's our expertise.  Gulf distributes over  
4           3 billion gallons of fuel annually, and has  
5           5 million barrels of storage.  On the LNG side,  
6           we deliver to LDC-owned peak shaving facilities  
7           throughout the Northeast, including three storage  
8           and vaporization facilities here in New  
9           Hampshire.  We operate LNG refueling stations for  
10          vehicles, we operate portable pipeline systems,  
11          and we are developing a liquefaction plant for  
12          our own.

13  Q.    Do you believe that Gulf is prepared to take on  
14          this role for Valley Green?

15  A.    (Carroll) Yes.

16  Q.    Does Gulf understand the Commission's safety and  
17          other regulations that will be applicable to  
18          Valley Green, if it's granted a franchise?

19  A.    (Carroll) Yes.

20  Q.    And, now, I'm going to turn to Mr. Bernstein.  
21          Mr. Bernstein, have you ever testified before the  
22          Commission before?

23  A.    (Bernstein) No, I haven't.

24  Q.    Would you like to give a brief summary of your

1           background.

2   A.     (Bernstein) Sure.  I've been -- I'm currently a  
3           Managing Partner at New Energy Capital Partners,  
4           which has offices in Hanover, New Hampshire.  
5           I've been at New Energy Capital since 2007.  
6           While I've been there, I've consulted for the  
7           federal Department of Energy's American Relief  
8           and Recovery Act, or Stimulus Grant Program, and  
9           currently serve on the Board of Directors of FLS,  
10          Inc., a solar company, and AltAir Fuels, a  
11          renewable jet and diesel refiner.

12                 I started my career as an analyst at GE  
13           Capital, followed by positions at J.P. Morgan  
14           Securities, and Florida Power & Light.

15                 I am a graduate of Emory University  
16           undergrad, and Dartmouth College for MBA and MS  
17           Engineering.  While at Dartmouth, I co-authored  
18           an econometric research for faculty.  And, today,  
19           I often guest lecture at Dartmouth's Business and  
20           Engineering Schools.

21   Q.     Okay.  Can you describe the kinds of projects in  
22           which New Energy Capital invests?

23   A.     (Bernstein) Sure.  We're in the business of  
24           investing in clean energy projects across the

1           country.  Our investments are listed on  
2           Attachment A of his testimony.  They include a  
3           wastewater digester gas facility in San Diego,  
4           several kinds of solar photovoltaic projects,  
5           community solar, utility solar, distributed C&I  
6           or commercial and industrial fuel cell plants,  
7           wood-fired/biomass-to-electric facility, two  
8           ethanol plants, and a landfill gas-to-electric  
9           project in Tacoma, Washington.

10   Q.   And does New Energy Capital Partners have funds  
11       available to invest in the Valley Green project?

12   A.   (Bernstein) Yes, we do.

13   Q.   All right.  Back to Mr. Campion.  What permits  
14       has Valley Green obtained?

15   A.   (Campion) Valley Green obtained a zoning variance  
16       for its Etna Road property from the City of  
17       Lebanon ZBA in 2014.  And that variance had a  
18       two-year timeframe, and it has been extended by  
19       the ZBA for another two years.

20   Q.   And have you worked with an accountant familiar  
21       with regulatory accounting?

22   A.   (Campion) Yes, we worked with a gentleman named  
23       Steve St. Cyr & Associates.  Steve helped me  
24       prepare some of the spreadsheets and become

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           familiar with the general ledger linking, and  
2           assisted in response requests from the Staff.

3   Q.    Okay.  And have you identified a company to help  
4           with metering reading and billing?

5   A.    (Campion) Yes, we have.  But the name of that  
6           company is confidential.

7   Q.    Has Valley Green applied for any other permits?

8   A.    (Campion) We've applied for an Alteration of  
9           Terrain Permit from NHDES.  And we've begun site  
10          plan review with the Planning Board in the City  
11          of Lebanon.

12  Q.    When did you first start talking to customers?

13  A.    (Campion) Oh, roughly 2012.

14  Q.    And was there interest at that time?

15  A.    (Campion) Yes, there was.

16  Q.    Okay.  And why were customers interested?

17  A.    (Campion) Well, price, of course, was a factor.  
18          In 2012, natural gas enjoyed a substantial price  
19          advantage over both the primary fuels in our  
20          area.  Most customers also expressed an interest  
21          in the environmental benefits of burning natural  
22          gas over the fuels currently in use.

23  Q.    Do you have any customer commitments at this  
24          time?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) We have longstanding expressions of  
2           interest from the customers throughout the  
3           proposed primary build-out geography.  We expect  
4           to return to this base with firm numbers for the  
5           cost of delivery and current commodity market  
6           pricing when we're in a position to do so.

7     Q.     And why haven't you been able to obtain customer  
8           commitments?

9     A.     (Campion) Customers aren't interested in making  
10           firm commitments when Valley Green doesn't have a  
11           franchise.  In addition, low commodity and oil  
12           and propane prices have reduced the short-term  
13           interest in switching to natural gas.  Many of  
14           the companies that I've been in communication  
15           with over the duration of this project are  
16           currently operating under commodity contracts  
17           that will make their moving to new fuels in the  
18           2017-2018 range.

19    Q.     Okay.  Mr. Campion, what is the territory for  
20           which Valley Green is seeking a franchise?

21    A.     (Campion) Hanover and Lebanon.

22    Q.     Have you drafted a tariff?

23    A.     (Campion) Yes.  We've provided it in response to  
24           data requests.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     Okay.  And have you prepared rate schedules?

2     A.     (Campion) Yes, we did.

3     Q.     Okay.  Mr. Campion, is Valley Green prepared to  
4             assume the duties and responsibilities of a  
5             public utility?

6     A.     (Campion) Yes.  Valley Green stands ready to move  
7             forward and exercise this franchise to fit and  
8             grow with this market.

9     Q.     Okay.  I'm going to ask the panel collectively a  
10            question, and, if each of you could answer, that  
11            would be great.  Do you believe that Valley Green  
12            has the requisite managerial, technical,  
13            financial, and legal expertise to provide  
14            regulated gas service within the proposed Lebanon  
15            and Hanover franchise area?

16    A.     (Campion) Yes.

17    A.     (Stanley) Yes.

18    A.     (Carroll) Yes.

19    A.     (Bernstein) Yes.

20    Q.     And do you believe it would be in the public good  
21            for the Commission to grant a franchise to Valley  
22            Green?

23    A.     (Stanley) Yes.

24    A.     (Campion) Yes.

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 A. (Bernstein) Yes.

2 A. (Carroll) Yes.

3 MR. WILLING: Mr. Chairman, that  
4 concludes our direct testimony. Is there any  
5 further marking of the exhibits that we  
6 identified that needs to be done?

7 CHAIRMAN HONIGBERG: I don't know.  
8 You've got premarked exhibits. And I think you  
9 referenced 1, 2, 3, 4, 5, 6, and 10.

10 MR. WILLING: Yes. The other exhibits  
11 are testimony of Staff and OCA only.

12 CHAIRMAN HONIGBERG: Right. So, I  
13 don't know. If there's nothing else you need to  
14 mark, then --

15 MR. WILLING: No.

16 CHAIRMAN HONIGBERG: Then, I think  
17 we're going to move onto others. Have the  
18 intervenors and the OCA had any discussion about  
19 the order of proceeding?

20 *[No verbal response.]*

21 CHAIRMAN HONIGBERG: All right. Does  
22 any of you want to go first?

23 *[No verbal response.]*

24 CHAIRMAN HONIGBERG: Ms. Arwen, your

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1       initials start with "A", you're over to my left.  
2       There's all kinds of reasons why I would call on  
3       you first.

4               MS. ARWEN:   Okay.   Can you hear me all  
5       right?

6               CHAIRMAN HONIGBERG:   So far so good.

7               MS. ARWEN:   Okay.   I have questions for  
8       Mr. Carroll and also for Mr. Campion.

9                               **CROSS-EXAMINATION**

10   BY MS. ARWEN:

11   Q.   For Mr. Carroll, referring to an article, March  
12       28th, 2015, in The Times-Tribune, entitled  
13       "Local, natural [national?] LNG Projects on the  
14       rise", and it features a picture of you, and  
15       reporting on various projects of liquefied  
16       natural gas in northeast Pennsylvania.

17               My first question is, is the liquification  
18       facility that they refer to in operation yet?

19   A.   (Carroll) No, it is not.

20   Q.   And, if not, what is the status of it?

21   A.   (Carroll) Right now, we still -- well, we just  
22       transitioned to new ownership in December.   So,  
23       you know, during that transition, the project was  
24       on hold.   But, you know, we still own the project



[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 plans for that under the new management.

2 Valley Green is an anchor shipper in the  
3 project. You know, part of this, the outcome of  
4 this helps justify moving forward with that  
5 project. In addition, you know, market  
6 conditions have changed up and down, you know,  
7 all over the place. You know, so, you know, I'll  
8 give you an example, like, you know, as you said  
9 with propane and oil prices being where they are,  
10 one of the big target markets we had before was  
11 the transportation sector. You know, currently  
12 diesel is cheaper than on-highway LNG. So, you  
13 know, we are looking at where the demand --  
14 source of demand is. We're looking at all of the  
15 downstream opportunities. The changes here in  
16 New England have created the cancellation of the  
17 NED project. All kinds of new opportunities for  
18 LNG. So, you know, it's been an interesting  
19 year.

20 Q. Uh-huh. That's for sure. Are there permit  
21 holdups at this point?

22 A. (Carroll) No, there are not.

23 Q. And I have a question about the seven month  
24 permitting plan. When were the permit

1           applications submitted?

2   A.     (Carroll) Well, we started the permitting phase a  
3           couple of years ago. But, in the last year or  
4           so, you know, there hasn't been much activity  
5           there.

6   Q.     And, regarding the investment plans, it's a  
7           \$50 million investment projected. Can you tell  
8           us the status of that?

9   A.     (Carroll) That's correct. Nothing has changed.

10   Q.    Okay. I note that the article points out that  
11           the Department of Environmental Protection in  
12           Pennsylvania, their "eFacts tracking tool shows  
13           no information for this facility". And I looked  
14           there also, I could not find any. It may be the  
15           website. But I wondered what you could tell us  
16           about it?

17   A.     (Carroll) I mean, so, right now, we have done all  
18           the engineering work. We own options on the  
19           land. We've talked to the gas producers down in  
20           that region. The project is essentially queued  
21           up and ready for the next step. You know, with  
22           big projects like this, you know, you need to  
23           sign off-take agreements, I mean, very similar to  
24           a pipeline development project. So, you go

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           through this process.  And, then, once you have  
2           those firm commitments, then you proceed with a  
3           lot of those permitting applications.

4   Q.    In the article, it says "The company is already  
5           working with a town in New Hampshire that wants  
6           natural gas but finds itself isolated from the  
7           pipeline network, or "gas island"."  Are you  
8           referring to Lebanon in that?

9   A.    (Carroll) That's correct, Lebanon and Hanover.

10  Q.    All right.  Then, moving onto a submission by  
11           Bernard Goldstein, a Dean Emeritus of the  
12           Graduate School of Public Health at the  
13           University of Pittsburgh, he has a 36-page  
14           document, and in it he talks about fracking.  And  
15           I wondered if you could relate to the health  
16           impacts of fracking, "Lower Birth Weight  
17           Associated with Proximity of Mother's Home to Gas  
18           Wells Undergoing Fracking".  I wonder if you're  
19           aware that low birth weight is associated with  
20           increased health risks during the life of a  
21           child?

22  A.    (Carroll) Gulf is not a producer of natural gas  
23           or oil.  We're not involved with those  
24           activities, and I'm far from an expert in those

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           sorts of things.

2   Q.     But the Marcellus Shale formation is natural gas,  
3           and you would be processing it, correct?

4   A.     (Carroll) Processing it, correct.

5   Q.     Okay.  So, maybe that question should be for Mr.  
6           Campion.  Let's see.  I wonder whether you're  
7           aware of any regulations in Pennsylvania to  
8           regulate fracking?  That the new Environment  
9           Secretary has described this new regulation as a  
10          "midpoint" not an "endpoint".  This is an  
11          article -- you look like you're not sure what I'm  
12          referring to.  So, this is an article entitled  
13          "No fracking pits allowed under new DEP  
14          regulations for oil and gas industry", it's dated  
15          January 6, 2016.  And I'm wondering how this  
16          might bear on the ability of Gulf to supply gas  
17          in the future?  This is from the Department of  
18          Environmental Protection in Pennsylvania.

19  A.     (Campion) Is that question for me?

20  A.     (Carroll) Is that question for me?

21  Q.     Whoever wants to answer.  Whoever might know.

22  A.     (Campion) I'm really not familiar with the  
23          specifics of that study.  I understand, from what  
24          you just say now, that they're looking into

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           disallowing open pit storage of water.  That's  
2           something that's been done in other places,  
3           including on federal lands.  And I don't think  
4           it's necessarily a bad idea.  I don't think it  
5           necessarily changes the business operations.  
6           It's just an improvement in business practice.

7   Q.    So, you don't think there's a possibility that  
8           the regulatory landscape might affect the supply  
9           in gas and price of the gas that Gulf Oil can  
10          deliver to Lebanon?

11  A.    (Campion) Oh, I didn't say that.  I mean, the  
12          regulatory process will always have an impact on  
13          the price of fuel going forward.  But it's just  
14          not something that I would control, nor really  
15          have any ability to estimate at this point.

16  Q.    Okay.  Back to Mr. Carroll.  I have a question  
17          about last week's gas explosion in Pennsylvania.  
18          It was about 90 miles away from Gulf's facility.  
19          I wonder how events like that might affect the  
20          supply and cost of gas long term?

21  A.    (Carroll) I'm familiar with the article you're  
22          talking about.  Of course, whenever there is a,  
23          you know, an incident like that, there's some  
24          short-term effects.  You know, you can see it in

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           the market prices down in that region.  But, you  
2           know, those problems will be solved, as this is  
3           not the first time that it's happened.  And, you  
4           know, it's not -- it's not a very common thing.  
5           So, I can tell you they will fix the problem and  
6           prices will normalize.  I mean, especially in  
7           that region, that's in the Marcellus Shale area,  
8           where there's the most productive natural gas  
9           wells in the country.

10   Q.    Yes, I'm aware.  Do you think that Pennsylvania's  
11           regulations might become more stringent or do you  
12           think they will remain the same as a result of  
13           these kinds of things?

14   A.    (Carroll) I am not sure.

15   Q.    Okay.  Now, I have a few questions for Mr.  
16           Campion.  First of all, you just made reference  
17           to the zoning variance being extended for two  
18           years?

19   A.    Yes.

20   Q.    And I was present at the hearing in Lebanon and  
21           spoke at it.  And I just wanted to clarify for  
22           the Commission that the zoning authorities  
23           present had some difficulty arriving at an  
24           approval.  And what they did --

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1                   CHAIRMAN HONIGBERG:  Ms. Arwen?

2                   MS. ARWEN:  Yes.

3                   CHAIRMAN HONIGBERG:  It sounds an awful  
4                   lot like you're testifying.  Do you want to ask  
5                   Mr. Campion some questions about what happened at  
6                   that hearing?

7                   MS. ARWEN:  Okay.  Thank you.

8  BY MS. ARWEN:

9  Q.    Is it your understanding that the extension of  
10       the variance, the two year extension, was  
11       contingent, and phrased as such specifically,  
12       contingent upon the PUC approval of this  
13       Petition, and they even stated "we're tossing it  
14       to the PUC"?

15  A.   (Campion) Yes.

16  Q.    Okay.  So, I feel like that was an important  
17       piece that was left out.

18  A.   (Campion) That was the way it was presented  
19       actually in the initial variance as well.  It was  
20       very much a part of what gave the City the  
21       comfort level that they needed to grant the  
22       variance, and that is that we would be -- we  
23       would be here doing exactly what we're doing.

24  Q.    And, in line with that, do you agree that they --

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           I think that evening you were introducing the  
2           idea of a refueling station, and leaving alone  
3           the depot and pipeline build-out.  So, they --  
4           did I understand correctly that they made the  
5           beginning of that construction contingent on the  
6           completion of the construction of the depot and  
7           regasification facility?

8   A.   (Campion) Yes, they did.

9   Q.   Uh-huh.

10  A.   (Campion) And that was also -- I think that that  
11       would also be characterized as exactly the way it  
12       was presented in the first variance, that the two  
13       were -- were linked.

14  Q.   Yes.  Another thing that caught my eye in your  
15       testimony, or perhaps that's the wrong word, when  
16       you said that one of the problems with you  
17       getting assurances from customers is that you  
18       don't yet have the franchise, which is kind of  
19       the catch-22 argument that was brought up  
20       previously.  And, if I recall correctly, and  
21       correct me if I'm wrong please, I think it was  
22       Mr. Frink who spoke about such catch-22 arguments  
23       being fallacious, because he has examples of  
24       other communities where contracts have been



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           signed contingent upon the franchise being  
2           granted.  So, I was kind of surprised to hear  
3           that argument brought up again, because you seem  
4           to discredit that argument.  Do you recall him  
5           saying that at the -- at I think both the Liberty  
6           Utilities hearing and the Valley Green hearing?

7   A.   (Campion) I'm not familiar with the specific  
8           testimony.  I'd have to look back at what that  
9           testimony -- that testimony said.

10  Q.   Okay.  You and I had a long conversation one time  
11       in your office, and we talked about the health  
12       risks of fracking.  And I wonder if you have come  
13       to any new viewpoints about it?

14  A.   (Campion) No.  I have not, really.

15  Q.   Okay.  And my last question is, you told me and  
16       my colleague Stuart Blood, who unfortunately  
17       can't be here today, that your project makes  
18       climate sense, because you would shut it down in  
19       ten or fifteen years.  That's a model that's  
20       happened in Massachusetts, for example, where  
21       they have -- their Climate Action Plan has legal  
22       teeth; here it doesn't.  Are you asking the PUC  
23       to grant you a permit with an accelerated  
24       depreciation schedule based on that concept?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) No.

2     Q.     Is it something that you remember saying?

3     A.     (Campion) Yes.  I mean, it was in the context of  
4           the conversation that involved what alternatives  
5           are out there now for our market area, and what  
6           alternatives might be out there in a couple of  
7           decades.  It's hard to predict what that sort of  
8           thing is, what that sort of thing will look like.  
9           But I was merely outlining a business response to  
10          that reality, if it should come about.

11    Q.     "If it should come about" did you say?

12    A.     (Campion) Correct.

13    Q.     If which should come about?

14    A.     (Campion) That alternative fuel to replace -- to  
15          replace pipeline natural gas was to arrive and  
16          prove to be more economical, more  
17          environmentally-friendly, and more readily  
18          available.

19                   MS. ARWEN:  Okay.  That's all I have.

20                   Thank you very much.

21                   CHAIRMAN HONIGBERG:  Ms. Geiger.

22                   MS. GEIGER:  Yes.  Thank you, Mr.

23                   Chairman.  Can everyone here me okay?

24                   Okay.  Good morning, gentlemen.  For

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           those of you who I've not met, I'm Susan Geiger.  
2           I've with the law firm of Orr & Reno.

3                           *[Court reporter interruption.]*

4                   CHAIRMAN HONIGBERG:  Off the record.

5                           *[Brief off-the-record discussion*  
6   *ensued.]*

7                   MS. GEIGER:  I represent NG Advantage,  
8           who is an intervenor in this docket.

9  BY MS. GEIGER:

10 Q.   And I'd like to start with a few questions about  
11       the relationships that Gulf will have with Valley  
12       Green.  And, Mr. Carroll, these questions may be  
13       for you, and they key off of some of the  
14       questions that Ms. Arwen just asked you.  First  
15       of all, Gulf is going to supply natural gas to  
16       Valley Green under this proposal, correct?

17 A.   (Carroll) That is the initial intention, correct.

18 Q.   Okay.  Is that still your intention?

19 A.   (Carroll) Yes.  I mean, there's a couple of  
20       different ways we could look at that.

21 Q.   Okay.  What are those ways?

22 A.   (Carroll) Well, like I said a couple minutes ago,  
23       you know, we look at ourselves as sort of a  
24       natural gas processing company.  So, you know, I

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           look at it very much like a pipeline, you know?

2           So, where Liberty Utilities would sign up for

3           capacity on NED, Kinder Morgan's project, Valley

4           Green is signing up for capacity on our project.

5   Q.    Okay.  So, you were -- if you were to be the gas

6           supplier, you would require the liquefaction

7           plant in Pennsylvania to be constructed and

8           operational, correct?

9   A.    (Carroll) Not necessarily.  I mean, you know, we

10          have agreements in place with all the LNG

11          suppliers on the East Coast.  So, you know, LNG

12          could be sourced from a number of different

13          areas.

14   Q.    Okay.  So, your proposal is not reliant on that

15          liquefaction plant in Pennsylvania, is that

16          correct?

17   A.    (Carroll) It wasn't stated that way, and that's

18          correct.

19   Q.    Okay.  So, turning now to the issue of -- I

20          believe you also talked about having "anchor

21          shippers" to make that plant feasible.  Is that

22          correct?

23   A.    (Carroll) That's correct.

24   Q.    Do you have other anchor shippers other than

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           Valley Green?

2   A.     (Carroll) We have shorter term interests.  You  
3           know, we're looking for longer term interests.

4   Q.     Has ArcLight committed capital to the development  
5           of that liquefaction plant in Pennsylvania?

6   A.     (Carroll) We've spent quite a money on the  
7           development of that plant.

8   Q.     Okay.  But it's not yet been developed, is that  
9           correct?

10  A.     (Carroll) No, it has not.  But it's sort of in  
11          process.

12  Q.     Okay.  Now, is -- my understanding from reading  
13          the proposal is that Valley Green intends to  
14          sublease to Gulf some of the property which  
15          Valley Green is going to lease from Mr. Campion's  
16          company, Choice Storage, is that correct?

17  A.     (Carroll) Yes.

18  Q.     Okay.  And is this subleased property going to be  
19          for Gulf's separate operations as an LNG vehicle  
20          refueling business?

21  A.     (Carroll) That was the intention.

22  Q.     Okay.  Is that still your intention?

23  A.     (Carroll) Yes, if market conditions warrant.

24  Q.     Okay.  Why isn't Choice Storage leasing its

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 property directly to Gulf for Gulf's business as  
2 a vehicle refueling station?

3 A. (Carroll) When the memorandum of understanding  
4 was put -- that was a couple of years ago, you  
5 know, plans have changed since the initial  
6 memorandum of understanding.

7 Q. So, does that mean that --

8 A. (Carroll) So, as Jay mentioned in his earlier  
9 testimony, Choice Storage was formed, Jay, --

10 A. (Campion) Basically, --

11 A. (Carroll) After the MOU?

12 A. (Campion) No. Valley Green Energy Services was  
13 formed after the MOU. And, then, we're in the  
14 process of working out how property might be  
15 divided to, one, accommodate the requirements  
16 that the PUC would have for regulated revenue, as  
17 well as the unregulated revenue that will be  
18 promulgated by Valley Green Energy Services.

19 In our initial proposal, the Gulf side of  
20 the property ownership represented the  
21 unregulated industry. And, therefore, Valley  
22 Green -- Valley Green Natural Gas, as a property  
23 owner, would be separated from that.

24 Q. Okay. Has Valley Green finalized its lease with

1           Choice Storage?

2   A.     (Campion) We have a lease roughed out.  But,  
3           again, one of the things we wanted to make sure  
4           was that we have a -- it's a big piece of  
5           property.  And, so, we have the opportunity to  
6           take a long look at what the best size and shape  
7           would be in terms of meeting all the  
8           requirements.  As an example, if we were to have  
9           taken a draft of a property layout from our first  
10          configuration, we might now be altering it,  
11          because we're talking about a different tank  
12          configuration, which, by definition, implies  
13          different setback obligations and vapor  
14          dispersion modeling and that sort of thing.

15                 So, basically, the answer is "no", it hasn't  
16                 been finalized, because we want to do that in  
17                 conjunction with the final layout of the system.

18   Q.     So, is it fair to say that, as of today, Valley  
19           Green, the entity that is seeking a franchise  
20           from the Commission, does not have the legal  
21           right to the site upon which it proposes to  
22           develop its facility?

23   A.     (Campion) No.  That wouldn't be a proper  
24           characterization.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     And why not?

2     A.     (Campion) Oh, because Valley Green Natural Gas,  
3            I'm the Principal at Valley Green Natural Gas,  
4            and I'm the owner of Choice Storage.

5     Q.     I think I understand that.  But the question that  
6            I have is, what documentation do you have that  
7            memorializes an agreement between your two  
8            companies?

9     A.     (Campion) We have a draft of an agreement that's  
10            submitted to the Commission, lacking all but the  
11            defining portions that I just alluded to.

12    Q.     And what -- where could I find that?  Chances  
13            are, I don't have it, because it's probably a  
14            confidential agreement.  Is that correct?

15    A.     (Campion) I'm not sure.

16                   MS. GEIGER:  And maybe your attorney  
17            can help me.  Where in the record could we  
18            find --

19    **BY THE WITNESS:**

20    A.     (Campion) Well, actually, I mean, I'm not sure  
21            that all of our documents that we have prepared  
22            as part of this project have been submitted.  So,  
23            I would have to -- I would have to look and see  
24            if that -- if the draft of that document has been



[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 submitted to the PUC. But it has been drafted  
2 and it was drafted fairly early on in the  
3 process.

4 MS. GEIGER: Okay. I'd like to make a  
5 record request for that, Mr. Chairman, and  
6 reserve the next exhibit for it?

7 CHAIRMAN HONIGBERG: Mr. Willing.

8 MR. WILLING: I don't believe that a  
9 draft lease was actually submitted to the  
10 Commission. So, I don't --

11 CHAIRMAN HONIGBERG: Do you have any  
12 problem providing that?

13 MR. WILLING: Providing it? I  
14 don't --

15 CHAIRMAN HONIGBERG: It sounds like the  
16 answer is "no".

17 So, we'll make that "Exhibit" -- what's  
18 the next exhibit, 11? Is that the next numbered  
19 exhibit? I think it's 11.

20 ***(Exhibit 11 reserved.)***

21 CHAIRMAN HONIGBERG: How quickly can  
22 you get that submitted to us?

23 MR. WILLING: Tomorrow.

24 CHAIRMAN HONIGBERG: All right. Fair

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           enough.

2                           MS. GEIGER:  Thank you.

3  BY MS. GEIGER:

4  Q.    Now, with respect to the tank space, my  
5        understanding is that, under the original  
6        proposal, Gulf was going to lease tank space from  
7        Valley Green, in which it would store LNG for  
8        Gulf's refueling operations.  Is that correct?

9  A.    (Campion) Yes.

10 Q.    Is that still the case?

11 A.    (Campion) No.

12 Q.    That's not the case.  That piece of the proposal  
13        is no longer in play?

14 A.    (Campion) That's correct.

15 Q.    Okay.  Now, in the original proposal, Gulf was to  
16        operate and maintain Valley Green's storage and  
17        regasification facilities, is that correct?

18 A.    (Campion) Yes.

19 Q.    Is that still the case?

20 A.    (Campion) Yes, it is.

21 Q.    Now, Gulf's O&M agreement is to be coterminous  
22        with its supply contract with Valley Green, is  
23        that correct?

24 A.    (Campion) Yes, it is.

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     And what is the term of those agreements?

2     A.     (Carroll) I believe that was submitted as an  
3           exhibit initially.  I believe it's fifteen years.

4     Q.     Okay.  Thank you.  In response to OCA Data  
5           Request 1-26, which I believe has been marked as  
6           an exhibit, the OCA sought copies of all  
7           agreements between Valley Green and Gulf, and  
8           Valley Green only provided a memorandum of  
9           understanding, which outlines the terms regarding  
10          the gas supply, the O&M provisions, and a  
11          lease -- lease arrangements, is that correct?  I  
12          believe this was marked as "Exhibit 6-G" in the  
13          public documents.

14    A.     (Campion) Yes.

15    Q.     Is that MOU, which, as indicated, has been marked  
16           as "6-G", still in effect?

17    A.     (Campion) Yes, it is.

18    Q.     So, if I were -- do you have a copy of that in  
19           front of you?

20    A.     (Campion) No.

21    Q.     Okay.  If I were to -- I just want to read to you  
22           what is contained in Section 2 of that agreement  
23           and see if you recollect it.  Section 2 of that  
24           exhibit indicates that the Section IV of the --

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 well, Section -- Section 6-G, and I'm looking at  
2 Bates Page 153. Do you have that?

3 A. (Campion) "Bates stamp 153" you said?

4 Q. Yes. You see that's the Second Amendment to the  
5 Memorandum of Understanding, I believe.

6 MS. BROWN: We have a copy to provide  
7 the witness.

8 *[Atty. Brown handing document to*  
9 *Witness Campion.]*

10 WITNESS CAMPION: Yes. Thanks, Marcia.

11 Yes.

12 BY MS. GEIGER:

13 Q. So, is it fair to say that this is an amendment  
14 to the original MOU?

15 A. (Campion) Yes.

16 Q. And do you see, in Paragraph 2, on Bates Page 153  
17 of that exhibit, where it says "Section IV Term  
18 of the MOU is amended by replacing "May 31, 2015"  
19 with "July 31, 2015"?

20 A. (Campion) Yes.

21 Q. So, with the date of "July 31, 2015", does that  
22 not mean that your MOU has expired?

23 A. (Campion) I believe we had another amendment  
24 after this that hasn't been included in this

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           exhibit.

2   A.     (Carroll) That's correct.

3   Q.     There is another one?

4   A.     (Campion) Yes.

5   Q.     And that was not -- are you aware --

6                               *[Court reporter interruption.]*

7   BY MS. GEIGER:

8   Q.     Are you aware that, in responding to data  
9           requests, there is a continuing obligation to  
10          supplement and update your responses?

11   A.     (Campion) Yes.

12   Q.     And, in fact, you have been continuously  
13          providing the Parties to this docket with  
14          numerous documents.

15   A.     (Campion) Yes.  We've tried to keep up, yes.

16   Q.     But is it fair to say that this is just one that  
17          you did not update?

18   A.     (Campion) That's true.

19   Q.     Okay.  So, what is the termination date of your  
20          MOU with Gulf?

21   A.     (Campion) I would have to look -- I would have to  
22          look back.  I don't have that in front of me.

23                       MS. GEIGER:  So, Mr. Chairman, could I  
24          make a record request for an update to I guess

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           now what's been marked as "Exhibit 6-G" in that  
2           --

3                   CHAIRMAN HONIGBERG:  It's both 5-G and  
4           6-G.

5                   MS. GEIGER:  Correct.

6                   CHAIRMAN HONIGBERG:  Confidential 5,  
7           public 6.

8                   MS. GEIGER:  Right.  And I don't have  
9           the confidential exhibits.

10                  CHAIRMAN HONIGBERG:  Right.  
11           Understood.  So, --

12                  MR. WILLING:  And we'll produce any  
13           amendment that hasn't already been produced by  
14           tomorrow as well.

15                  CHAIRMAN HONIGBERG:  All right.  Now,  
16           Mr. Willing, is there any provision of that that  
17           is confidential?  Are you going to need to do two  
18           versions?  Do we need to reserve two --

19                  MR. WILLING:  I don't believe so.  I  
20           think the format of those is simply an amendment  
21           that substitutes one date for another date.

22                  CHAIRMAN HONIGBERG:  All right.  So,  
23           we're going to make that record request  
24           "Exhibit 12".

1                                   **(Exhibit 12 reserved.)**

2                                   MS. GEIGER:  Thank you.

3  BY MS. GEIGER:

4  Q.     Turning now to Mr. Campion, have you reviewed the  
5           prefiled testimony that Mr. Evslin submitted in  
6           this docket?

7  A.     (Campion) Yes, I have.

8  Q.     And do you recall that there's an attachment to  
9           that prefiled testimony that --

10                               MS. GEIGER:  It has not yet been  
11           marked, Mr. Chairman.  I intend to do that when  
12           Mr. Evslin takes the stand.

13  BY MS. GEIGER:

14  Q.     But the question I have now just asks Mr. Campion  
15           for his recollection about an e-mail from Mr.  
16           Evslin in which Mr. Campion indicated that he  
17           fully expected to use a supply of both CNG and  
18           LNG, and, if possible, to sell both densities.  
19           And, to do so, Mr. Campion said he would need  
20           "strategic partnerships with both to do it  
21           properly".  Do you recall that?

22  A.     (Campion) Yes, I do.

23  Q.     Do you consider your arrangement with Gulf to be  
24           such a strategic partnership, even though it does

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           not include CNG purchases?

2   A.     (Campion) It does not exclude CNG purchases  
3           either.

4   Q.     Okay.  But is the -- and perhaps it's because I  
5           don't have the current MOU, but is there anything  
6           in your new MOU that provides for the purchase of  
7           CNG from Gulf?

8   A.     (Campion) It's not our intention to purchase CNG  
9           from Gulf.

10  Q.     Okay.  Now, are the prices you will be paying  
11          Gulf for gas supply and O&M services more  
12          favorable or less favorable than they would be if  
13          you were not also leasing property and LNG  
14          storage tank space to Gulf?

15  A.     (Campion) I'm sorry.  Can you state that again?

16  Q.     Are the prices that you're going to be paying  
17          Gulf affected by the fact that you'll have other  
18          relationships with Gulf, in terms of your, you  
19          know, leasing tank space for its LNG facilities?

20  A.     (Campion) I can't really say.  I would expect  
21          that, in a symbiotic relationship, we would  
22          probably get as good a price from Gulf as we  
23          would from anyone else.

24  Q.     And why were all three arrangements, the supply,

{DG 15-155} [Day 2 - REDACTED] {05-05-16}



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           the O&M, and leasing, all contained in the same  
2           MOU?

3   A.     (Campion) I'm sorry?

4   Q.     Why were all three arrangements that you will  
5           have with Gulf contained in the same MOU?

6   A.     (Campion) I think it could potentially be for  
7           convenience.  We also understood that this was a  
8           preliminary document that would be followed by  
9           called out documents for each separate piece that  
10          was involved.

11  Q.     Okay.  So, turning to the issue of gas supply,  
12          Valley Green did not issue a request for  
13          proposals for gas supply for its proposed  
14          franchise, did it?

15  A.     (Campion) No.

16  Q.     And, instead, Valley Green contacted many  
17          potential gas suppliers, is that correct?

18  A.     (Campion) Yes.

19  Q.     Did Valley Green provide specific uniform  
20          information to those gas suppliers such that they  
21          could all provide bids based on the same  
22          information?

23  A.     (Campion) No.

24  Q.     And, in response to a data request from Staff,

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           and it's since been marked "Exhibit 4A", at Bates  
2           Page 5, Valley Green states that "Having surveyed  
3           the market thoroughly, Valley Green is confident  
4           that Gulf is currently the best match for the  
5           benefits Valley Green and its customers are  
6           seeking."  Is that correct?

7   A.     (Campion) Yes.

8   Q.     Did you receive supply prices or quotes from any  
9           company other than Gulf?

10  A.     (Campion) Yes.

11  Q.     Which companies?

12  A.     (Carroll) Can I chime in here?  Let's be clear,  
13           no natural gas has been purchased at all.  An  
14           indicative price was provided.

15  Q.     Sure.  But the question I asked was whether  
16           there -- that whether Valley Green had received  
17           supply prices or quotes from any company other  
18           than Gulf, not whether they had purchased or  
19           entered into binding commitments?

20  A.     (Carroll) Right.  And he said "yes".

21  Q.     Yes.  And I'm asking now which companies provided  
22           bids or indicative bids or quotes?

23  A.     (Campion) I think that's confidential.

24  Q.     How many companies?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) Three.

2     Q.     So, did natural gas suppliers, other than Gulf,  
3            contact Valley Green?  In other words, I asked  
4            you about your contacts.  Now, did others, did  
5            other natural gas suppliers reach out to you,  
6            other than Gulf, for the purpose of discussing  
7            the supplier's ability to serve customers in your  
8            franchise area?

9     A.     (Campion) Yes.

10    Q.     And how many of those suppliers contacted you?

11    A.     (Campion) Four.

12    Q.     Four.  And, so, now I'd like to -- do you recall  
13            your answer to a data request from NG Advantage  
14            asking you about suppliers, other than Gulf, who  
15            contacted Valley Green for the purpose of  
16            discussing their supply capabilities, do you  
17            remember that?

18    A.     (Campion) Yes.

19    Q.     Okay.  And I believe that that question that NG  
20            Advantage posed was Data Request -- it was Data  
21            Request 1-4, and then we asked some follow-up  
22            questions at a technical session.  And, in that  
23            follow-up, we asked for some documents that are  
24            capable of being redacted that also demonstrate

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           or memorialize the contacts from other suppliers.

2           Do you remember that?

3   A.     (Campion) Yes.

4   Q.     Okay.  And do you remember that you supplied only  
5           one document, a copy of a redacted e-mail?

6   A.     (Campion) Yes.

7   A.     (Carroll) I'd just like to chime in here.

8           Natural gas supply purchases I imagine would be  
9           reviewed at a later hearing, perhaps after the  
10          franchise filing.

11                   CHAIRMAN HONIGBERG:  That may all be  
12           true, Mr. Carroll.  But right now Ms. Geiger has  
13           some questions for Mr. Campion about the process  
14           that he went through.

15                   WITNESS CARROLL:  Sure.

16                   CHAIRMAN HONIGBERG:  If she has  
17           questions for you or questions that you feel you  
18           can answer, I think there's nothing restricting  
19           you from chiming in.

20                   But, at this point, I think she's got  
21           specific questions for Mr. Campion.

22                   MS. GEIGER:  Right.

23   BY MS. GEIGER:

24   Q.     And, again, in response to the technical session

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           data requests that I just referred to, you  
2           provided only one document, a copy of a redacted  
3           e-mail.  Do you recall that?

4   A.     (Campion) Yes.

5   Q.     But you got e-mails from other suppliers, right?

6   A.     (Campion) Not making offers for fuel, no.

7   Q.     But I didn't ask you that.  I asked you whether  
8           you received contacts.  And isn't it true that  
9           Mr. Evslin and NG Advantage sent you some e-mails  
10          inquiring about the possibility of NG Advantage  
11          providing gas supply to your system?

12  A.     (Campion) Yes.

13  Q.     Is that true?  Okay.  And would you agree that  
14          those contacts are reflected in attachments --  
15          e-mail attachments to Mr. Evslin's prefiled  
16          testimony in this docket?

17  A.     (Campion) I believe so.  I'd have to look it up.

18  Q.     Okay.  So, again, in response to the question  
19          that I -- NG Advantage 1-4, you provided one  
20          e-mail, you got -- you had another e-mail, didn't  
21          you, that you didn't provide in response to this  
22          data request, is that correct?  Didn't you get an  
23          e-mail from Liberty?

24  A.     (Campion) Yes.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     Okay.  And isn't it true that, in the recent  
2           hearing in Docket DG 15-289, Valley Green, you,  
3           introduced an e-mail from Liberty Utilities  
4           Energy Solutions to Mr. Campion, which was marked  
5           as "Exhibit 14" in that docket, that indicates  
6           that Liberty Utilities Energy Solutions contacted  
7           Valley Green for the purpose of -- for the  
8           purpose of discussing the possibility of  
9           providing gas supply to your system, correct?

10    A.     (Campion) Correct.

11    Q.     But you didn't provide that e-mail to NG  
12           Advantage in this docket, did you?

13    A.     (Campion) No, I did not.

14    Q.     Why not?

15    A.     (Campion) It wasn't intentionally omitted.  It  
16           was really only discovered when I went back  
17           through ancient e-mails.  This is -- these are  
18           e-mails that were actually on a different server  
19           that I'm currently using, and I was trying to  
20           track down other information when I discovered  
21           the Liberty e-mail contact.  And that I just  
22           missed it.

23    Q.     Okay.  But you did -- you agree, and it's a  
24           matter of public record, it was introduced in

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           that other docket, correct?

2   A.     (Campion) Uh-huh.

3   Q.     But it was not provided to NG Advantage as an  
4           update or a supplement to the data request?

5   A.     (Campion) Right.  Uh-huh.

6   Q.     Okay.  Now, did you meet with any suppliers of  
7           trucked CNG?

8   A.     (Campion) Did I meet with any suppliers that  
9           trucked LNG?

10  Q.     CNG.

11  A.     (Campion) CNG.

12  Q.     Compressed natural gas.

13  A.     (Campion) I met with NG Advantage.

14  Q.     Okay.

15  A.     (Campion) And I met with XNG.

16  Q.     Okay.  And did either of those suppliers indicate  
17           that they could deliver CNG at a better price  
18           than LNG?

19  A.     (Campion) They did indicate that.  That they felt  
20           that was the case.

21  Q.     Okay.  Now, have you reviewed Mr. Evslin's  
22           prefiled testimony, at Page 6, in which he  
23           explains that a competitive service offering by  
24           Valley Green must include a CNG-based supply with

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           LNG backup?

2   A.     (Campion) I am familiar with that response.

3   Q.     Do you have any evidence that Mr. Evslin is  
4           incorrect?

5   A.     (Campion) I do not.

6   Q.     In response to Data Request Staff 1-3, and again  
7           this has been premarked as "Exhibit 4-A", Bates  
8           Page 4, you state that your customers are  
9           interested in "firm pricing over 15 years", is  
10          that correct?

11  A.     (Campion) Yes.

12  Q.     Do you know of any pipelines that offer a firm  
13          pricing, including commodity, for 15 years?

14  A.     (Campion) We are not purchasing a commodity off  
15          of a pipeline.

16  Q.     Sure.  But are you aware of any -- know of any  
17          suppliers that would provide you with a commodity  
18          price at -- commodity at fixed prices for 15  
19          years?

20  A.     (Campion) Yes.

21  Q.     Has Gulf given you a firm price for delivered LNG  
22          over 15 years?

23  A.     (Campion) As part of our Memorandum of  
24          Understanding, yes.



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     So, you will be getting a fixed price supply from  
2            Gulf for 15 years?

3     A.     (Campion) Potentially, yes.

4     Q.     Potentially or you will?

5     A.     (Campion) Potentially.

6     Q.     Okay.  So, if that's the case, does the price for  
7            the -- over the 15 year period include the  
8            commodity, which goes into the liquefaction  
9            process or is the commodity component allowed to  
10           vary in some fashion?

11    A.     (Campion) The commodity is allowed to vary in  
12           some fashion, as it is a pass-through --

13                               *[Court reporter interruption.]*

14    **BY THE WITNESS:**

15    A.     (Campion) The commodity price would fluctuate as  
16           it is a pass-through to the final MMBtu price.

17    BY MS. GEIGER:

18    Q.     So, that's not a fixed price, is it?

19    A.     (Campion) Depends on how you define "fixed",  
20           doesn't it?

21    Q.     Well, I think I tried to, and I may have asked  
22           this question inartfully, but the question that I  
23           had was, under your agreement with Gulf, will you  
24           be paying Gulf a firm price or a fixed price for

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

- 1           delivered LNG over 15 years, both delivery and --
- 2   A.     (Carroll) Certain components may be fixed, and
- 3           certain terms. It all depends on the needs of
- 4           Valley Green's customers. It's important to
- 5           separate the commodity piece from the processing.
- 6           So, you know, again, natural gas -- there's no --
- 7           no natural gas has been purchased here;
- 8           indicative pricing has been given.
- 9   Q.     And the indicative pricing, is that just for the
- 10          commodity or is it for the delivery as well?
- 11   A.     (Carroll) Both.
- 12   Q.     Okay. Now, Mr. Campion, have you compared the
- 13          projected cost of LNG over 15 years against the
- 14          projected cost over 15 years of trucked CNG?
- 15   A.     (Campion) No.
- 16   Q.     Then, how can you be assured that you're getting
- 17          the best possible deal or price for your
- 18          customers, if you haven't done that comparison?
- 19   A.     (Campion) The reason is, because I have the
- 20          opportunity and option to opt for compressed over
- 21          liquid any time I choose.
- 22   Q.     Have you designed your facilities to account for
- 23          the potential use of CNG?
- 24   A.     (Campion) Yes.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     Then, maybe this question is for Mr. Stanley.

2           Where in the documents that have been filed do we  
3           see a reservation of space for CNG?

4     A.     (Stanley) I believe it's in the proposed  
5           conceptual site plan, where we identify a loading  
6           facility or unloading facility.

7     Q.     Okay.  And how much space or how much acreage  
8           would you need for that?

9     A.     (Stanley) That would be determined based on the  
10           actual load required.  So, it hasn't been fixed  
11           at this point in time.

12    Q.     Back to you, I believe, Mr. Campion.  You  
13           indicated, in a response to Staff Data Request  
14           1-3, Exhibit 4-A, again, at Bates Page 4, that  
15           "LNG is more stable in price" than CNG, and that  
16           "CNG prices vary markedly by season".  Is that  
17           correct?

18    A.     (Campion) Yes.

19    Q.     Are you aware that annual contracts can be  
20           purchased for CNG?

21    A.     (Campion) Yes.

22    Q.     And, in the case of an annual or longer contract,  
23           can't the price of CNG be as stable as the amount  
24           that you want to buy in advance or hedge?

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) I can't say that, because I haven't  
2            seen such a contract.

3     Q.     Now, are you aware that, in Mr. Evslin's prefiled  
4            testimony, Page 2, Line 19, that CNG is used by  
5            International Paper plants in Ticonderoga, New  
6            York, is that correct?

7     A.     (Campion) Yes.

8     Q.     And are you aware that the amount of CNG used  
9            daily there is approximately 16 truckloads?

10    A.     (Campion) Yes.

11    Q.     So, in the case of International Paper, would you  
12            agree that some customers are comfortable using  
13            large quantities of CNG and are not deterred by  
14            CNG price variations?

15    A.     (Campion) Absolutely.

16    Q.     Now, again, in Exhibit 4-A, Bates Page 5, you  
17            state "Valley Green had multiple contacts with  
18            Clean Energy prior to its purchase of NG  
19            Advantage", and that NG -- you state that "NG  
20            Advantage's focus, however, was on CNG and  
21            vehicle refueling". And that you also go on to  
22            say that "Valley Green attended a presentation by  
23            Clean Energy in Concord". And that, again, in  
24            that response you gave, you also said that the

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           sources that Clean Energy had to LNG "were from  
2           Tennessee and Ohio", and that its "closest LNG  
3           asset was in Michigan".  Do you remember that?

4   A.     (Campion) Yes.

5   Q.     Okay.  Are you aware that NG Advantage does not  
6           do vehicle refueling or have a relationship with  
7           a liquefaction plant in Michigan?

8   A.     (Campion) Say that again.

9   Q.     Are you aware that NG Advantage does not do  
10          vehicle refueling or have a liquefaction plant in  
11          Michigan?

12  A.     (Campion) Yes, I am.

13  Q.     Okay.

14  A.     (Campion) However, the conversation with Clean  
15          Energy was about vehicle transportation fueling,  
16          and that is the business that they're in.

17  Q.     But didn't Clean Energy and NGA ask you for  
18          projected volumes so that they could give you a  
19          quote for a gas supply?

20  A.     (Campion) I was in discussion with Clean Energy  
21          to discuss specifically vehicle refueling.

22  Q.     Well, do you remember saying that you would  
23          provide these volumes to Clean Energy and NG  
24          Advantage so that they could give you a price?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) Yes.

2     Q.     And isn't it true that Drew Drummond of Clean  
3            Energy e-mailed you the same day of your meeting  
4            in Concord indicating that he would get you  
5            pricing when you were ready?

6     A.     (Campion) Yes.

7     Q.     And isn't it also true that David Lavoie of NG  
8            Advantage also followed up with you to request  
9            projected volumes, correct?

10    A.     (Campion) Yes.

11    Q.     Did you ever provide Valley Green with projected  
12            gas volumes -- excuse me.  Did Valley Green ever  
13            provide to Clean Energy or NGA projected gas  
14            volumes so that they could submit a gas supply  
15            quote to you?

16    A.     (Campion) No, because I wasn't looking for a gas  
17            supply quote.

18    Q.     Did you provide projected numbers to Gulf so that  
19            they could enter into an MOU with you?

20    A.     (Campion) Yes.

21    Q.     So, if you did that, why didn't you provide those  
22            numbers to other potential suppliers?

23    A.     (Campion) I was shopping for a supply of liquid  
24            natural gas, and NG Advantage does not produce

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           liquid natural gas.

2   Q.     So, I believe you testified this morning, and you  
3           also indicated, I believe, in your filing, that  
4           you were still open to using CNG at your  
5           facility, is that correct?

6   A.     (Campion) That's correct.

7   Q.     So, have you done any shopping for CNG to see if  
8           that's feasible?

9   A.     (Campion) To see if that's feasible?

10  Q.     Yes.

11  A.     (Campion) I don't understand the question.

12  Q.     Okay.  I think --

13  A.     (Campion) Are you saying that CNG fueling for the  
14           facility isn't feasible?

15  Q.     I'm not saying that it's feasible, and perhaps  
16           that's a poor choice of language.  But the  
17           question I have is, have you shopped around for  
18           CNG to determine how that product could be used  
19           to meet your supply requirements?

20  A.     (Campion) I have not shopped around to purchase  
21           CNG.  No, I have not.  There's a lot of it out  
22           there available.  NG Advantage is one, and there  
23           are others, other CNG solutions out there.  It  
24           was put into our plan as a support fuel supply

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           that we could count on for lower cost MMBtus  
2           during certain times of the year, and that we  
3           could accommodate the hardware and our build-out  
4           to utilize that.

5                     But, again, just-in-time fuel delivery is  
6           what CNG is all about.  And, honestly, we are --  
7           we remain very distant from just-in-time need for  
8           gas prices.

9   Q.    Okay.  Well, in response to Staff 1-3, again,  
10       Exhibit 4-A, at Bates Page 4, you say "CNG  
11       equipment would cost more".  Are you saying that  
12       CNG equipment would cost more than LNG equipment?

13  A.    (Campion) Absolutely.

14  Q.    And on what base -- on what do you base this  
15       assertion?

16  A.    (Campion) The need for our company to provide  
17       uninterruptible service, and therefore have  
18       sufficient storage on hand to meet the seven-day  
19       requirement.

20  Q.    Did you get any proposals from providers of CNG  
21       equipment?

22  A.    (Campion) No.

23  Q.    But you're still -- it's still your testimony  
24       that CNG equipment is more expensive than LNG



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           equipment?

2   A.     (Campion) Yes.

3   Q.     Are you aware that CNG providers, like XNG and NG  
4           Advantage, typically provide equipment as part of  
5           their service?

6   A.     (Campion) Yes.

7   Q.     But, again, you haven't investigated that very  
8           carefully, have you?

9   A.     (Campion) The customer pays for the equipment one  
10          way or the other.  It's part of the cost of gas.  
11          It all depends on how you bake it in there.

12  Q.     And is it still your proposal that you're  
13          designing your plant to include a CNG takedown  
14          station?

15  A.     (Campion) Yes.

16  Q.     Okay.  Now, I believe in response to, again,  
17          Exhibit 4-A, Bates Page 4, you indicated that  
18          making your design to include a CNG takedown  
19          station is part of your plan, and it requires  
20          special considerations in the supply contract.  
21          And, then, I believe you stated "It would be  
22          harder to do the opposite (supplement a system  
23          designed around CNG with LNG)", is that correct?

24  A.     (Campion) That's correct.

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1   Q.    On what information do you base your assertion  
2        that "it's harder to design a system with a base  
3        supply of CNG supplemented with LNG"?

4   A.    (Campion) Again, it's a cost issue.  If you're  
5        talking about base being covered by storage, then  
6        the storage required would be much more costly,  
7        and it would be taking a lot more acreage.  And,  
8        that's why.

9   Q.    So, how much acreage again would be required for  
10        a takedown station for CNG?  And maybe this is  
11        for Mr. Stanley.  How many acres do you need for  
12        that?

13  A.    (Stanley) For the takedown station itself?

14  Q.    Yes.

15  A.    (Stanley) Again, it depends on the load that  
16        we're trying to take down that would determine  
17        the size of the acreage necessary.  And, given  
18        the site that Mr. Campion has, it can be  
19        accommodated.  But, however, the -- if you're  
20        discussing storage, the CNG storage, that would  
21        take a significant amount of more acreage than  
22        just a takedown station.

23  Q.    Okay.  How much more, do you know?

24  A.    (Stanley) Again, as far as the actual number to

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           cover the seven-day storage, it would be  
2           determined based on what the total load  
3           requirement is.

4   A.     (Campion) But, in our initial design, it was 22  
5           trailers sitting on --

6   A.     (Stanley) That's correct.

7   A.     (Campion) And a half million dollars of product.

8   Q.     Do you know whether -- would your plans include  
9           using CNG on a spot basis, rather than buying it  
10          to store on-site, as you've just indicated would  
11          be difficult?

12  A.     (Campion) It would be -- we would purchase it for  
13          just-in-time delivery, yes.

14  Q.     Okay.  Do you know if spot CNG is likely to be  
15          far more expensive than a regular or a contracted  
16          CNG offtake contract?

17  A.     (Campion) I can understand that, yes.

18  Q.     Now, again, in response to Staff 1-3, Exhibit  
19          4-A, Bates Page 5, you say "Gulf is willing to  
20          match through an option of first refusal, any  
21          offer to spot price Valley Green supply from  
22          customers before the liquefaction train comes on  
23          line.  This price security is attractive."  Do  
24          you recall that?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) Yes.

2     Q.     So, in light of that, is it fair to say that Gulf  
3             will have the Valley Green supply business locked  
4             up, once the liquefaction train comes on line?

5     A.     (Campion) No.

6     Q.     Well, do you believe that other suppliers will  
7             make attractive bids, given that Gulf always will  
8             know the price to beat in order to keep Valley  
9             Green's business?

10    A.     (Campion) We negotiated a non-take-or-pay  
11            arrangement that would allow us to incorporate  
12            other fuels, including CNG.

13    Q.     So, is that going to be reflected in the updated  
14            MOU that you're going to be providing?

15    A.     (Campion) No.

16    Q.     Is that in the current MOU?

17    A.     (Campion) No.

18    Q.     So, where do we find --

19    A.     (Campion) It's what -- I'm sorry, I may have  
20            misspoken.  Is that in the current MOU?  Yes.

21    Q.     Okay.  So, in response to an OCA data request,  
22            and this was Data Request 1-22, you've indicated  
23            that the "current gas distribution market is  
24            active and burgeoning, there are a number of

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           providers who offer services similar to TRI-MONT  
2           and Gulf.  Although Valley Green does not have  
3           specific companies identified to provide these  
4           services, Valley Green does not expect to  
5           encounter difficulties finding substitute  
6           companies to provide supply and operational  
7           services, if that becomes necessary."  Do you  
8           recall that?

9   A.   (Campion) Yes.

10  Q.   If there are many companies comparable to these,  
11       why did Valley Green not seek bids from some or  
12       all of them prior to entering into contracts with  
13       TRI-MONT and Gulf?

14  A.   (Campion) Could you repeat that?

15  Q.   If, as you have stated, there are a number of  
16       providers who offer similar services to Gulf, why  
17       didn't Valley Green seek bids from some or all of  
18       them prior to entering into its arrangement with  
19       Gulf?

20  A.   (Campion) I did not seek bids, but I did have  
21       conversations with other companies about supply.  
22       And, when it came to arrangements with TRI-MONT,  
23       I made inquiries to other engineering firms  
24       within the state and outside of the state before

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           determining that TRI-MONT was the most qualified.

2   Q.     So, without competitive bids provided in response  
3           to a singular RFP, how can you be sure that  
4           Valley Green has obtained the best possible  
5           proposals for service to this franchise?

6   A.     (Campion) Again, we're looking at a proposed  
7           arrangement that will have to stand the test of  
8           time.  And, as such, over -- even over the last  
9           couple of years, the change in the marketplace  
10          would have to be reflected in the firm commitment  
11          that we got from any gas supplier.  Currently, we  
12          were looking at firm commitments from Gulf to  
13          build the -- to handle our initial build-out,  
14          working toward the subsequent supply from their  
15          liquefaction facility in Great Bend, but that  
16          final contracts have not been negotiated.  And,  
17          as the market has changed, there may be a need to  
18          readdress -- readdress the acquisition of fuel,  
19          when it comes time to finally craft a rate to be  
20          approved by the PUC.

21   Q.     So, do I understand you correctly that you are  
22           leaving open the door to the possibility that  
23           there may be a supplier for this franchise other  
24           than Gulf?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) Yes.

2     Q.     Okay.  Now, in response to OCA 2-6, you've said  
3           that you believe that "awarding a franchise to  
4           Valley Green will give Valley Green an exclusive  
5           gas monopoly within the region".  Do you recall  
6           that?

7     A.     (Campion) I believe it said "pipeline gas  
8           monopoly".  But, yes.

9     Q.     Did you mean that that monopoly would cover just  
10          pipeline gas, is that your response?

11    A.     (Campion) Yes.

12    Q.     Okay.  So, it would not cover other forms of gas  
13          delivery?

14    A.     (Campion) I don't believe that that's covered in  
15          the franchise.

16    Q.     Okay.  Thank you for that clarification.  Now,  
17          Mr. Campion, you've never owned or operated or  
18          been involved with owning or operating a public  
19          utility, have you?

20    A.     (Campion) That's correct.

21    Q.     And you have bought and sold a number of  
22          businesses over the course of your career, is  
23          that correct?

24    A.     (Campion) That's correct.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1   Q.    Do you intend to own Valley Green for the long  
2       term?

3   A.    (Campion) That's my intention, yes.

4               MS. GEIGER:  Thank you.  I have no  
5       further questions.

6               CHAIRMAN HONIGBERG:  Ms. Arwen, what  
7       can I do for you?

8               MS. ARWEN:  I forgot one thing.

9               CHAIRMAN HONIGBERG:  I think we're  
10      going to have to circle back to that in a minute  
11      or two.

12              MS. ARWEN:  Okay.

13              Mr. Patch, I assume you have a fair  
14      number of questions for the witnesses?

15              MR. PATCH:  Yes.

16              CHAIRMAN HONIGBERG:  All right.  I  
17      think it would be appropriate for us to take a  
18      short break at this time.  We're going to try and  
19      come back at 15 minutes from now.

20                      *[Recess taken at 10:41 a.m. and*  
21                      *the hearing reconvened at 11:02*  
22                      *a.m.]*

23              CHAIRMAN HONIGBERG:  Mr. Patch, before  
24      you begin, Mr. Arwen?



[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 MS. ARWEN: Yes.

2 CHAIRMAN HONIGBERG: Typically, you get  
3 one shot.

4 MS. ARWEN: I know.

5 CHAIRMAN HONIGBERG: I think we went  
6 through this the last time you were here in  
7 another docket.

8 MS. ARWEN: It's brief.

9 CHAIRMAN HONIGBERG: Well, I'm going to  
10 ask you to tell me what the question would be, if  
11 we let you ask it. So, tell me what the question  
12 would be.

13 MS. ARWEN: Okay. The question would  
14 be whether Mr. Campion is aware of the Dartmouth  
15 announcement on April 22nd of a task force being  
16 designed for a year by the President of Dartmouth  
17 to explore the hot water system to displace their  
18 No. 6 fuel, and there was no mention of natural  
19 gas as an interest?

20 CHAIRMAN HONIGBERG: Mr. Willing, do  
21 you have any problem if your witness is asked  
22 that question?

23 MR. WILLING: I have no problem.

24 CHAIRMAN HONIGBERG: Mr. Campion, do

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1           you understand the question?

2                       WITNESS CAMPION:   No.

3                       CHAIRMAN HONIGBERG:   All right.

4 BY MS. ARWEN:

5 Q.    Okay.   The question is, are you familiar with the  
6       announcement on April 22nd, a couple weeks ago,  
7       that President Hanlon of Dartmouth put together a  
8       Sustainability Task Force that will continue for  
9       a year, helping them transition away from No. 6  
10      fuel oil, and identifying institutional targets  
11      toward using renewable sources of energy, such as  
12      biomass and photovoltaic systems, to heating its  
13      buildings, with specific targeting of a hot water  
14      system run on fuel sources that do not include  
15      natural gas in its announcement?

16 A.    (Campion) No.

17                       MS. ARWEN:   Okay.   Thank you.

18                       CHAIRMAN HONIGBERG:   Ms. Arwen?

19                       MS. ARWEN:   Yes.

20                       CHAIRMAN HONIGBERG:   Next time you  
21      really do need to include all of the topics you  
22      want to cover when it's your turn, okay?

23                       MS. ARWEN:   Thank you.

24                       CHAIRMAN HONIGBERG:   Sure.   Mr. Patch.

1                   MR. PATCH:  Mr. Chairman, before I  
2           begin with cross, there's one issue I probably  
3           should have raised this morning.  But back on I  
4           believe it was March 7th, Liberty had filed an  
5           objection to the Motion for Confidential  
6           Treatment that Valley Green had made on  
7           February 24th, I think it was.  And, in that  
8           motion, we raised an issue about how we had been  
9           required in the other docket to provide rate  
10          information, that it was public information, and  
11          we felt that Valley Green ought to be subject to  
12          the same requirement.  And I don't think the  
13          Commission ever addressed that.

14                   And I'm not necessarily saying it needs  
15          to be addressed now.  But, obviously, if we had  
16          rate information that was made public, we would  
17          like to use -- like to ask some questions about  
18          that.

19                   CHAIRMAN HONIGBERG:  You are correct,  
20          that motion has not been ruled on.

21                   Mr. Willing?

22                   MR. WILLING:  I'm sorry, I missed the  
23          last part of what we said.

24                   CHAIRMAN HONIGBERG:  If he had access

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 to what he presumes is in the confidential  
2 information, we would probably want to ask some  
3 questions about it. That was the last thing  
4 Mr. Patch said.

5 MR. WILLING: Yes. I guess I'd point  
6 out, we offered to Liberty the opportunity to  
7 have that information under a nondisclosure  
8 agreement, and that was denied and they rejected  
9 that. So, --

10 CHAIRMAN HONIGBERG: Well, --

11 MR. PATCH: And I would just --

12 CHAIRMAN HONIGBERG: Go ahead.

13 MR. PATCH: The information was made  
14 public in the Liberty docket. So, signing a  
15 nondisclosure agreement would be very different  
16 treatment here.

17 CHAIRMAN HONIGBERG: Without -- without  
18 identifying a ruling, which we have not made, the  
19 situation with Valley Green is a little different  
20 from Liberty, in terms of what Liberty was  
21 proposing to do and how it presented its  
22 information. But, if there's things you believe  
23 you would like -- you would have done had you had  
24 access to information, if you want to put those

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           on the record, you can certainly do that as best  
2           you can.  We're not likely to issue a ruling on  
3           that Motion for Confidential Treatment in the  
4           immediate term.

5                       So, you can make the record you feel  
6           you want to make, and make an offer regarding the  
7           stuff that you don't have, that may be the best  
8           you can do today, understanding that that limits  
9           your abilities in some way.

10                      MR. PATCH:  Thank you.  Good morning,  
11           gentlemen.  My name is Doug Patch.  I represent  
12           Liberty Utilities in this docket.  The questions  
13           I'm going to begin with I think, Mr. Campion, are  
14           probably mostly for you, but I don't object if  
15           anybody else has something they want to say in  
16           response to them.

17  BY MR. PATCH:

18  Q.    I think, in response to a question from Ms.  
19           Geiger, it's pretty clear, Mr. Campion, that you  
20           don't have any experience with constructing,  
21           owning, operating, or even working for a public  
22           utility in your background, is that correct?

23  A.    (Campion) That's correct.

24  Q.    I've reviewed your prefiled testimony in this

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           docket, and I don't see any mention at all of  
2           "residential customers".  You know, could you  
3           explain why that's the case?  Did I miss  
4           something?

5  A.    (Campion) I'm unclear.  Of residential customers?

6  Q.    Yes.  Your testimony seemed to talk a lot about  
7        commercial and industrial customers, but I saw no  
8        reference to "residential customers".  In fact,  
9        on Page 2, in Exhibit 2, it's Bates Page 3, Lines  
10       13 to 19, you talk about the design criteria for  
11       the storage facility, and it doesn't take into  
12       account at all any planned residential load, does  
13       it?

14 A.    (Campion) The initial one did not.  We  
15        subsequently did an evaluation of residential  
16        load that first would be on the pipeline outlined  
17        here.  The primary pipeline is in a light  
18        industrial zone, and could, if we chose, be run  
19        where they would not pass any residential  
20        customers.  However, we did look at the  
21        residential market on our primary pipeline, and  
22        said that we would provide residential service to  
23        those that were immediately on the pipeline.  We  
24        also did an evaluation of the two residential

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       neighborhoods that were the closest to the  
2       pipeline to evaluate what kind of demand there  
3       might be there.  And, to that end, we actually  
4       surveyed those two neighborhoods, one in Lebanon  
5       and one in Hanover, to determine what kind of --  
6       what kind of fuels were being used currently and  
7       what kind of interest there was in pipeline gas  
8       service.  And we got the results of those, those  
9       surveys, and will plan, as part of the build-out,  
10      to make offers to the residential neighborhoods  
11      that abut the primary line when it's appropriate.

12   Q.   Are those surveys in the record somewhere?  If  
13       so, could you point us to where they are?

14               CHAIRMAN HONIGBERG:  Mr. Willing.

15               MR. WILLING:  I think the surveys of  
16       residential customers are in one of the  
17       confidential responses.  I can locate it if it's  
18       necessary, but it's confidential.

19               MR. PATCH:  I mean, if we could just  
20       have a cite.  We don't have to hold things up for  
21       now.  But, at some point, if we could have a cite  
22       as to where those are in the record, that would  
23       be helpful.

24               CHAIRMAN HONIGBERG:  I think that's

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           going to happen at some point, if you want to  
2           move on and ask --

3                       MR. PATCH:  I will.

4                       CHAIRMAN HONIGBERG:  -- and ask your  
5           next question while someone locates that and  
6           we'll put it on the record.

7                       MR. PATCH:  Okay.

8  BY MR. PATCH:

9  Q.    Mr. Campion, I also looked through your  
10       testimony, and I don't see any mention in there  
11       of "energy efficiency programs".  Did I miss  
12       something?

13  A.   (Campion) I don't believe we have laid out an  
14       energy efficiency program.

15  Q.    And you did provide, as I think you've already  
16       testified, a proposed tariff in the response to  
17       OCA 1-27, and that's Exhibit 4, Bates Pages 22 to  
18       47.  But I didn't see anything in there about  
19       energy efficiency programs, is that correct?

20  A.   (Campion) I believe that's correct.

21  Q.    Do you have any experience with energy efficiency  
22       programs?

23  A.   (Campion) I do have some experience with energy  
24       efficiency programs.  But not as they relate



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           specifically to gas line service.  The energy  
2           efficiency programs that I'm familiar with  
3           involve general home improvements and insulation  
4           and the like, as well as electrical, efficiency  
5           programs, like re-bulbing and that sort of thing.

6  Q.    But there's nothing in your proposal that you've  
7           submitted to date related to what programs you  
8           would envision as having as part of this  
9           franchise?

10 A.    (Campion) We do not.

11 Q.    As I understand it, TRI-MONT would be handling  
12          the day-to-day operations and emergency response,  
13          is that correct?

14 A.    (Stanley) This is Ken Stanley.  I'll respond to  
15          that.  We would be providing the operations and  
16          maintenance management services.  We do not  
17          self-perform work.  We would hire or propose  
18          companies to be hired by Valley Green, qualified  
19          companies, based on the regulatory requirements  
20          to perform those services.

21 Q.    So, who would they -- who would those  
22          subcontractors be hired by?  By Valley Green or  
23          by TRI-MONT or --

24 A.    (Stanley) It would be by Valley Green.

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 Q. And do you have any idea how many people would be  
2 hired?

3 A. (Stanley) At this point, we've identified a small  
4 team to meet the size of the potential system  
5 that was proposed. As the system is build out,  
6 it would be either smaller to accommodate it or  
7 it would be larger to accommodate a larger  
8 system, but it would be sized appropriately.

9 Q. And, so, what's the range? I mean, one to five?  
10 One to four?

11 A. (Stanley) Well, in emergency response, is that --  
12 you're referring to emergency response or general  
13 operations and maintenance?

14 Q. Well, both, actually.

15 A. (Stanley) In emergency response, we would qualify  
16 a company that had the ability to respond  
17 within -- immediately and within the time frame  
18 allowed by the state. But also have available  
19 staff and equipment to make that immediate  
20 response, and that would be an excavation team, a  
21 welding team, an inspection team, supervisory  
22 person, at this point in time is my expectation.

23 From an operations and maintenance, I think  
24 we proposed or anticipate at least a four-person

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           to five-person standard operations and  
2           maintenance team.

3   Q.   Who, under your proposal, Mr. Campion, would be  
4           taking calls from customers?

5   A.   (Campion) I'm sorry.  I'm looking for some  
6           exhibits that we put forth that covered the  
7           staffing or an org chart, and that might be the  
8           best reference.  Exhibit 4, Bates stamp 16.

9   Q.   Is there anything more you'd like to say in  
10          response to that question?

11  A.   (Campion) Only that the org chart, as laid out  
12          here, represents one of I believe four that we  
13          submitted as potential stepped required staff,  
14          depending on the size and scale of the operation.

15                 MR. WILLING:  Yes.  If I could  
16          interject?  There was a four-part org chart that  
17          was submitted as part of a confidential discovery  
18          response.  So, I'm happy to refer him to that.

19  BY MR. PATCH:

20  Q.   Well, I think the org chart that you just pointed  
21          us to, it makes reference to customer services.  
22          That was one of my questions, "who's going to  
23          take the phone calls?"  And, I think, is that  
24          your answer, you know, under that org chart?  I

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           mean, it isn't clear to me exactly who that is.

2           Is that somebody you would contract with?  Would

3           you hire employees?  Or, how is that going to be

4           handled?

5   A.     (Campion) No, those would be employees.  Those

6           would be Valley Green employees.

7   Q.     How many employees do you anticipate hiring?

8   A.     (Campion) Again, it depends on the size and scale

9           of the operation.

10  Q.     What's the range?

11  A.     (Campion) How about "one to one hundred"?

12  Q.     One to one hundred?

13  A.     (Campion) How's that?

14  Q.     It sounds like a lot for a franchise of that

15           size.

16  A.     (Campion) Well, it certainly is.  I'm being a

17           little facetious here.  I think we did put four

18           separate org charts into the record that cover

19           various stepped levels of commitment to staff.

20           The initial primary level, I would say five.

21  Q.     On Page 6 of your prefiled testimony, you say

22           that you anticipate naming a CFO after receiving

23           franchise approval, correct?

24  A.     (Campion) I'm sorry, could you -- what was that

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           reference again, prefiled testimony --

2   Q.     Well, it's Page 6 of your prefiled testimony.

3   A.     (Campion) Okay.

4   Q.     I think that would make it Bates Page 7, in  
5           Exhibit 2?

6   A.     (Campion) Okay.  Uh-huh.  Yes.  Yes.

7   Q.     Do you have any candidates for that?

8   A.     (Campion) Not specifically, no.

9   Q.     How much would you pay a CFO?

10  A.     (Campion) I honestly don't know that at this  
11          point.

12  Q.     So, could you tell us or tell the Commission what  
13          the total number of full-time employees that you  
14          anticipate working for the regulated company?

15  A.     (Campion) I believe, at the first step, I believe  
16          was five -- six.  Six.

17  Q.     And that includes the CFO?

18  A.     (Campion) Yes.

19  Q.     And the customer --

20  A.     (Campion) No.  Actually, eight.

21  Q.     And that includes the CFO and the customer  
22          service people we were just talking about?

23  A.     (Campion) Correct.

24  Q.     Now, there's been a fair amount of testimony in

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       response to questions this morning about your  
2       intentions with regard to the purchase of LNG  
3       from Gulf.  And I want to refer you to Page 7 of  
4       your testimony, Exhibit 2, Bates Page 8.  And the  
5       answer that you gave at that point was that  
6       "Valley Green would purchase LNG from Gulf under  
7       a long-term fuel supply agreement."  And, from  
8       the rest of the testimony, in those first six or  
9       seven lines on that page, it seems clear to me  
10      that, and you tell me if I'm wrong, but it was  
11      your intention, at least at that point in time,  
12      to have Gulf be the only supplier.  And the only  
13      time during which you would get LNG from another  
14      source would be in the event that Valley Green's  
15      operations began before Gulf's liquefaction plant  
16      was operational.  Is that correct?

17   A.   (Campion) I don't believe so.  I think that -- I  
18       think what we had talked about -- I believe that  
19       that had to do with -- specifically with the  
20       price of fuel.  And that, prior to the opening of  
21       the liquefaction facility in Great Bend, we would  
22       be -- we would be sourcing LNG at least to get  
23       competitive prices that Gulf would try to match.

24   Q.   But, once it's opened, if I understand that

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           testimony correctly, you would be getting it only  
2           from Gulf?

3   A.     (Campion) LNG, that's correct.

4   Q.     Well, I thought I heard you say this morning that  
5           you wouldn't be getting it exclusively from Gulf.  
6           I thought you said this morning that you would be  
7           actually looking at other options.  Did I  
8           misunderstand what you said this morning?

9   A.     (Campion) Well, first of all, the supply  
10           arrangements that we have in place for our  
11           Memorandum of Understanding are such that we have  
12           an opportunity, prior to the opening of Great  
13           Bend, to source LNG from other places.  And that  
14           the long-term commitment to Gulf's facility would  
15           be -- will be subject to a firm agreement that's  
16           not currently in place.  So, in that regard,  
17           since there is no firm agreement in place, then  
18           what I said is true.  If we didn't form -- if we  
19           weren't able to come to an agreement, then we'd  
20           be looking for other sources.

21   Q.     But you have an MOU with them?

22   A.     (Campion) That's correct.

23   Q.     And, under the MOU, would it be exclusive?  Would  
24           you just be purchasing the LNG from Gulf under

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           the terms of that MOU, once that storage facility  
2           -- or, once that processing facility in  
3           Pennsylvania was built?

4   A.    (Campion) Potentially, yes.

5   Q.    Potentially?

6   A.    (Campion) Well, again, we don't have a -- we  
7           don't have a firm contract.  This is a non-  
8           binding MOU.

9   Q.    As of this point in time, at least to the extent  
10          that you've provided information in what has been  
11          submitted, either in response to data requests or  
12          your prefiled testimony or your supplemental  
13          testimony, tell me if I'm wrong, but the  
14          intention is that you intend, once that facility  
15          is built in Pennsylvania, to get all of your LNG  
16          from that one location 350 miles away from  
17          Hanover and Lebanon, is that correct?

18  A.    (Campion) That's correct.

19  Q.    Ms. Geiger asked you a few questions about this,  
20          but I want to revisit it briefly.  Exhibit 4,  
21          Bates Page 4, in response to OCA 1-3, you listed  
22          basically all of the reasons why you think CNG is  
23          not suitable for this particular project.  Is  
24          that fair to say?



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) I did not say it was "not suitable for  
2           this particular project".

3     Q.     Okay.  What --

4     A.     (Campion) I specifically said that we expect CNG  
5           to be part of this project.  I said that it was  
6           not -- I said it was not -- didn't solve the  
7           problems that we felt, and continue to feel, that  
8           LNG solves, when it comes to being able to  
9           provide uninterruptible service for our  
10          customers, and to do so with the seven-day  
11          storage that we would -- that we would require  
12          for our customers.

13    Q.     Well, the words that were used in that response  
14           were "Valley Green came to the conclusion that  
15           liquefied natural gas was better suited to meet  
16           Valley Green's needs than compressed natural  
17           gas".  Did I read that correctly?

18    A.     (Campion) Yes.

19    Q.     Apparently, you've changed that now, though, is  
20           that right?

21    A.     (Campion) I don't think that it necessarily is  
22           mutually exclusive to the answer that -- in the  
23           context, the primary need we had to cover was  
24           the -- the thing we needed to move the project

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           forward with was a firm supply that we could  
2           count on at a specific price that we could put  
3           forward to the PUC to represent that we would be  
4           able to deliver product.  And it doesn't  
5           necessarily mean that CNG doesn't fit into a fuel  
6           mix, but it doesn't solve the problems we are  
7           looking to solve when it comes to the specific  
8           needs of our customer, that is uninterrupted  
9           service, and, to the Public Utilities Commission,  
10          which is having enough fuel there to guarantee  
11          that we can have seven days of storage on hand.

12  Q.    Based on the current design for that facility, if  
13          I understood you correctly this morning, you're  
14          designing it such that you actually could utilize  
15          CNG, is that correct?

16  A.    (Campion) That's correct.

17  Q.    How much more would it cost, in order to actually  
18          utilize that facility for CNG?  Is there an  
19          additional cost that would have to be absorbed by  
20          -- ultimately by ratepayers?

21  A.    (Campion) I think there will be an additional  
22          CapEx to put in the takedown station.  But, as  
23          was spoken of earlier, the specific arrangements  
24          with a CNG supplier can vary.  The CNG supplier

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           could -- could bake the cost of equipment into a  
2           rate or they could -- or it could be more  
3           beneficial for Valley Green to own their own  
4           trailers and therefore be free to access  
5           compressed gas from a variety of sources.  So,  
6           it's not a -- it would cost -- there would be an  
7           additional capital expenditure to be able to take  
8           natural gas in the compressed form.

9   Q.   Do you know what the order of magnitude that  
10       additional capital expenditure would be?

11  A.   (Campion) We haven't costed that out yet, again,  
12       because we don't really know the scale of it.  I  
13       mean, at -- I have seen prices.  It's actually  
14       not that substantial.

15  Q.   If I understood you correctly this morning, I  
16       think in response to a question, you had  
17       indicated that, if you do go the CNG route or  
18       supplement with CNG, that you wouldn't actually  
19       be getting it from Gulf or not exclusively from  
20       Gulf, is that right?

21  A.   (Campion) That's correct.  Gulf does not deliver  
22       CNG.

23  Q.   So, what's the process that you would use in  
24       order to come up with the best price for CNG?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) I would -- I would negotiate a deal  
2           with a supplier.

3     Q.     And you wouldn't do an RFP?

4     A.     (Campion) Not necessarily.

5     Q.     If you don't do an RFP, how can you be assured  
6           that you're getting the best price?

7     A.     (Campion) The number of suppliers aren't that  
8           great.  And I think individual contracts can work  
9           just as well as an RFP in this setting.

10    A.     (Bernstein) It's quite common for utilities to  
11          negotiate bilateral contracts for power and gas.

12    Q.     Public utilities?

13    A.     (Bernstein) Yes.

14    Q.     Without using RFPs?

15    A.     (Bernstein) Yes.

16    Q.     Are you familiar, Mr. Bernstein, with the least  
17          cost requirements that public utilities have to  
18          abide by?

19    A.     (Bernstein) Not in this state, but New Energy  
20          Capital has built and invested in independent  
21          generation in other states.

22    Q.     Doesn't sound like regulated utilities, though, I  
23          mean, if you're talking about "independent"?

24    A.     (Bernstein) Independent generators negotiate

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           bilateral contracts with regulated utilities.

2   Q.     Right.  But that's -- I think we're talking past  
3           each other on that.

4           Mr. Campion, your attorney made an opening  
5           statement on March 2nd, in which he said, and  
6           I'll quote, this is at 17, Page 17 from the  
7           transcript:  "This site is an ideal location for  
8           a project of this type."  Do you remember him  
9           saying that?

10  A.     (Campion) Yes, I do.

11  Q.     The site you've selected is actually next to  
12          conservation lands, isn't it?

13  A.     (Campion) Yes, it is.

14  Q.     And not everyone agrees it's an ideal site, do  
15          they?

16  A.     (Campion) Not everyone agrees.

17  Q.     And, in fact, the Commission has on the website a  
18          letter from a "Dominic Balestra", who I think is  
19          an *ex officio* City Councilor in Lebanon who  
20          points that out?

21  A.     (Campion) That's correct.

22  Q.     And residents of Lebanon also expressed concerns  
23          about the location at the Zoning Board of  
24          Adjustment hearing in 2014, is that correct?

1     A.     (Campion) That's correct.

2     Q.     And I would direct your attention to Exhibit 4,  
3             Bates Page 123.  It's in the attachment to the  
4             response to Arwen 1-2, in which three or four  
5             residents express concerns about what they would  
6             see and whether or not that's the best location.  
7             Is that consistent with your memory?

8     A.     (Campion) Yes.

9     Q.     In those same minutes, one of the residents says  
10            that the "development of the property occurred  
11            without DES permits", is that correct?

12    A.     (Campion) No.

13    Q.     That's not correct?

14    A.     (Campion) The project has not been developed.

15    Q.     Well, is this the same property that was the  
16            subject of a DES enforcement action for filling  
17            in wetlands without a permit?

18    A.     (Campion) It wasn't an enforcement action, it was  
19            part of an Alteration of Terrain Permit  
20            application, in which a wetland that had been  
21            inadvertently filled was pointed out in the  
22            Alteration of Terrain Permit, and a restoration  
23            program was put in place and has since been  
24            completed.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     Well, I'm going to show you a copy of a letter  
2           from the Department of Environmental Services  
3           dated June 24th, 2014 addressed to you.  And, in  
4           this letter, it makes reference to the fact "This  
5           site has been the subject of DES enforcement  
6           action for filling approximately 10,640 square  
7           feet of wetlands without a permit."

8     A.     (Campion) That's correct.

9                     CHAIRMAN HONIGBERG:  Wait, wait, wait.  
10            Hang on.  I think Mr. Patch is going to hand the  
11            document out right now.  I don't think has any  
12            question has been asked.

13                                 *[Atty. Patch distributing*  
14                                 *documents.]*

15                     CHAIRMAN HONIGBERG:  This is going to  
16            be "Exhibit 13".

17                                 (The document, as described, was  
18                                 herewith marked as **Exhibit 13** for  
19                                 identification.)

20                     CHAIRMAN HONIGBERG:  All right.  Mr.  
21            Patch, I know you purported to read from this  
22            letter.  But is there a question that you want to  
23            ask Mr. Campion about this?

24                     MR. PATCH:  Yes.  A couple of

1           questions, actually.

2 BY MR. PATCH:

3 Q.     Mr. Campion, are you familiar with this letter?

4 A.     (Campion) Yes.

5 Q.     And I think, in response to a question I just  
6         asked you, you said it "wasn't part of a DES  
7         enforcement action", is that right?

8 A.     (Campion) I did.

9 Q.     Do you want to change that?

10 A.    (Campion) Well, I'm not sure exactly.  I was the  
11        one -- I brought the incident to the DES and  
12        asked for a restoration plan, which they granted,  
13        and which I completed.  I'm not -- I'm not sure  
14        that's considered an "enforcement action", from a  
15        technical standpoint.

16           The way this -- actually, this is a large  
17        piece of property.  And I was aware that this  
18        wetland had been filled.  And, when drafting the  
19        Alteration of Terrain Permit involved made it  
20        very clear that this wetland had been filled.  
21        However, rather than remove the fill that was  
22        placed in the wetland, I chose to go to the DES  
23        and discuss the possibility of mitigating this  
24        wetland in another location on the property.



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       This particular spot was a very low-grade  
2       wetland.  It's a side-hill seep that had no  
3       significant wetland characteristics.  In other  
4       locations on the property, there are significant  
5       wetlands that support flora and fauna and are  
6       considered -- and I had considered the value of  
7       expanding that wetland, as compared to restoring  
8       the side-hill seep, might have more value.  And  
9       the DES representative that I met with,  
10      Mr. Blecharczyk, who's the author of this  
11      document, said that, in the opinion of DES, it  
12      would -- the impact that we were going to have on  
13      the other location on the property was not as  
14      significant as I had anticipated, that is where  
15      the road had to come close to high-quality  
16      wetland, and that it would be best to just  
17      eliminate the -- just to pull the material out of  
18      the existing wetland and be done with it.  And,  
19      so, that's what I did, and that's what was  
20      crafted in this restoration plan.

21   Q.   And you said "the wetland was filled", I think is  
22       what you said.  Who filled the wetland?

23   A.   (Campion) It wasn't me, personally, but it was  
24       individuals that I'm responsible for.  Partly,

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           the City of Lebanon, it was a number of people.

2   Q.    In your supplemental testimony, Page 6, Lines 8  
3           to 10, you described a "wetlands restoration  
4           project" being done "in anticipation of receiving  
5           an Alteration of Terrain Permit".  Is that -- are  
6           we talking about the same?

7   A.    (Campion) Correct.  Yes.

8   Q.    Okay.  I mean, you didn't say anything in that  
9           testimony about this letter or about the fact  
10          that there had been a DES enforcement action, did  
11          you?

12  A.    (Campion) I'm sorry, say that again.

13  Q.    You didn't say anything in your supplemental  
14          testimony about this letter or about the fact  
15          that there had been a DES enforcement action, did  
16          you?

17  A.    (Campion) No.

18  Q.    In his opening statement, your attorney also said  
19          that you "first approached EnergyNorth to discuss  
20          the conceptual idea for this project in the hope  
21          that they would be interested in developing the  
22          project, but that Liberty was not interested".  
23          Is that correct?

24  A.    (Campion) Yes.  That's correct.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     Now, during the hearing in DG 15-289, your  
2           attorney introduced, on cross-examination of the  
3           Liberty witnesses, an e-mail from Yvonne  
4           Flanagan.  Do you recall that?

5     A.     (Campion) Yes, I do.

6     Q.     I think Ms. Geiger made reference to that e-mail  
7           earlier today.  Is that the contact that your  
8           attorney was referencing when he made that  
9           statement?

10    A.     (Campion) That was one of the contacts that was  
11           made.

12    Q.     What are the others?

13    A.     (Campion) I had a conversation with -- I cannot  
14           remember her name.  I had a telephone  
15           conversation with a member of -- it was -- at the  
16           time it was Northeast Gas, I think, that was in  
17           2012, I believe.  I'd have to look it up.  But I  
18           had a conversation with -- and a call back with  
19           an individual that basically said they weren't  
20           looking to expand their services in that area.

21    Q.     And you said "Northeast Gas", is that correct?

22    A.     (Campion) I think -- Northeast Energy.  Yes.

23    Q.     What was it again?

24    A.     (Campion) EnergyNorth.

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1    Q.    Oh, it was EnergyNorth?  And who was the  
2           individual you spoke with?

3    A.    (Campion) I have it written down somewhere.

4                   WITNESS CAMPION:  Do you have that?

5                   CHAIRMAN HONIGBERG:  Mr. Willing, do  
6           you want to -- do you have some information that  
7           would help your witness remember?

8                   MR. WILLING:  Yes.

9                   WITNESS CAMPION:  I'm sorry, I don't  
10          remember her name.

11                  CHAIRMAN HONIGBERG:  Mr. Patch, are you  
12          all right with Mr. Willing refreshing his  
13          witness's recollection?

14                  WITNESS CAMPION:  Yes.  It was a  
15          National Grid --

16                  CHAIRMAN HONIGBERG:  Hang on, Mr.  
17          Campion.

18                  WITNESS CAMPION:  I'm sorry.

19                  CHAIRMAN HONIGBERG:  Hang on.

20                  WITNESS CAMPION:  Yes.

21                  CHAIRMAN HONIGBERG:  Hang on, hang on.  
22          Mr. Patch, is this all right with you?

23                  MR. PATCH:  It's all right.  We've been  
24          trying to get to the bottom of this since the

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 last hearing. And we thought we had -- the last  
2 time around what was introduced was an exhibit  
3 pertaining to an affiliate, a non-regulated  
4 affiliate --

5 CHAIRMAN HONIGBERG: You're referring  
6 to the Liberty hearing?

7 MR. PATCH: That's right. It was  
8 Exhibit 14.

9 MR. WILLING: Just to clarify, I'm  
10 still trying to find it, but he's talking about  
11 two different contacts with two different people.

12 CHAIRMAN HONIGBERG: That's definitely  
13 the impression he's just left us with. That  
14 there were two contacts. The one that was the  
15 subject --

16 MR. WILLING: Okay.

17 CHAIRMAN HONIGBERG: -- of the e-mail  
18 from the Liberty hearing that was marked as  
19 "Exhibit 14". And I think Mr. Campion has  
20 identified another contact.

21 MR. WILLING: Yes. The name that I  
22 got, if you want to confirm, is "Ann Leary".

23 WITNESS CAMPION: Right. Yes. And she  
24 was in National Grid Rates, and I called -- and

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1       it wasn't a call-back, I called her back, and  
2       that's what she said. It was, again, very early  
3       in this process. And, at the time, honestly,  
4       when I was looking for support, I was looking for  
5       support of a company that might be able to come  
6       in and do the project soup-to-nuts, or a supply  
7       source that might be able to at least give us an  
8       opportunity to produce a firm supply commitment  
9       for the PUC. And, honestly, at that time, I came  
10      up very empty everywhere. All of the suppliers  
11      who later on were very ready to ask to be  
12      included in supply had no interest in 2012  
13      whatsoever.

14 BY MR. PATCH:

15 Q.    So, you said "very earlier on". So, can you give  
16       me a date on when this contact was?

17 A.    (Campion) I did come up -- I did come up with an  
18       estimate.

19               CHAIRMAN HONIGBERG: I believe you said  
20       "2012".

21               WITNESS CAMPION: Yes, 2012.

22               MR. PATCH: And, Mr. Chairman, maybe as  
23       a record request it would be helpful, whatever  
24       Mr. Willing is reading from, he's reading from

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           something, if we could --

2                       WITNESS CAMPION:  He's reading from an  
3           e-mail that I sent him.

4                       MR. WILLING:  What I have is an e-mail  
5           that Mr. Campion sent me summarizing an earlier  
6           contact.  I think this document itself is  
7           confidential.  We can -- I'd be happy to figure  
8           out a way to convey the substance of it.

9                       CHAIRMAN HONIGBERG:  It sounds to me  
10          like he's testifying about it on the record.  So,  
11          that may be -- you may not get any better than  
12          that.

13                      Mr. Patch, why don't you ask him what  
14          else he remembers of that conversation.  Maybe  
15          there's something else in that e-mail that, if he  
16          doesn't remember, maybe there's something else in  
17          that e-mail that will refresh his memory.

18  BY MR. PATCH:

19  Q.    Did you hear the Chairman's question?

20  A.    (Campion) I don't think there was anything else  
21          in the e-mail that would refresh my memory,  
22          because it was, again, it was a brief  
23          conversation.  And I was trying to -- I was  
24          trying to see if there were any possibilities

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           there from the suppliers that were out there to  
2           come up and service our area.  It was --  
3           actually, I remember that it was -- it was pretty  
4           closely after the first time I met with Staff.

5  Q.   And it was actually National Grid at the time,  
6       right?

7  A.   (Campion) Yes.

8  Q.   Not Liberty Utilities?

9  A.   (Campion) That's right.

10 Q.   So, that's before Liberty came onto the scene?

11 A.   (Campion) That's correct.

12 Q.   And I guess I would like to direct your attention  
13       to and ask you if you want to correct a response  
14       to OCA 3-4, Bates Page 49, in Exhibit 4.  And  
15       it's the next to the last paragraph, the middle  
16       of that.  And there's a sentence there that says  
17       "Because Liberty Utilities/EnergyNorth Natural  
18       Gas was not interested in serving Hanover and  
19       Lebanon back when customers were seeking a  
20       solution, Valley Green questions Liberty  
21       Utilities/EnergyNorth Natural Gas' commitment to  
22       serve the OCA's residential customers."  Did I  
23       read that correctly?

24 A.   (Campion) Yes.  And, you're correct, that at the



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           time Liberty Utilities was not the owner of the  
2           fran -- of the distribution network.

3   Q.     So, you'd like to change that statement then?

4   A.     (Campion) Yes.  Yes, I think it would be more  
5           correct to put "National Grid" in place of  
6           "Liberty Utilities".

7   Q.     Okay.  In your testimony this morning, you stated  
8           that Valley Green had submitted a tariff and  
9           proposed rates as part of the discovery process,  
10          correct?

11  A.     (Campion) Yes.

12  Q.     And we've established where the tariff is in the  
13          public record at least.  Can you tell us where  
14          the proposed rates are in the non-public record,  
15          in the confidential portion?

16  A.     (Campion) I'm not --

17                 MR. WILLING:  Can I -- am I allowed to  
18                 --

19                 CHAIRMAN HONIGBERG:  Mr. Willing.

20                 WITNESS CAMPION:  I'm not sure.

21                 CHAIRMAN HONIGBERG:  I think the  
22          witness isn't sure.  Mr. Willing, what would you  
23          like to say?

24                 MR. WILLING:  I think this morning we

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       were talking about "rate schedules", and we  
2       weren't saying "customer rates".  They're rate  
3       schedules.  Spreadsheets with the financial  
4       calculations that could lead to customer rates,  
5       but not actual customer rates.

6               I'm happy to identify what schedules  
7       we're --

8               CHAIRMAN HONIGBERG:  Why don't you  
9       identify the documents you're talking about.  I  
10      understand that they're in the confidential  
11      portion of the record.  So, you're not disclosing  
12      what's in those documents, --

13              MR. WILLING:  Right.

14              CHAIRMAN HONIGBERG:  -- but you're  
15      disclosing what they are and where they could be  
16      found.

17              MR. WILLING:  Staff 3-10.

18              CHAIRMAN HONIGBERG:  So, it's the  
19      response to Staff 3-10.

20  BY MR. PATCH:

21  Q.   And, just to be clear for the record, and I'm  
22       asking Mr. Campion, but I guess Mr. Willing could  
23       chime in on this, so they aren't proposed rates  
24       that have been provided in any form in the

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           confidential materials, is that correct?

2                   MR. WILLING:  No -- oh, I'm not the  
3           witness here.

4                   CHAIRMAN HONIGBERG:  Well, I think,  
5           let's not have -- let's see if there's something  
6           the lawyers can do to get clarity with this,  
7           because I'm not sure that Mr. Campion really  
8           knows what is or isn't in what exhibit.

9                   WITNESS CAMPION:  Well, actually, I do  
10          know that what is in -- at what -- what exhibit  
11          we're referring to, I believe we're referring to  
12          the spreadsheets that we generated as part of our  
13          build-out *proforma* that came up that did generate  
14          potential proposed rates for customers.

15                  CHAIRMAN HONIGBERG:  So, you're  
16          testifying that those -- that those spreadsheets  
17          that were produced in response to 3-10, I think  
18          it's a Staff data request, --

19                  WITNESS CAMPION:  Uh-huh.

20                  CHAIRMAN HONIGBERG:  -- contain rates?

21                  WITNESS CAMPION:  Yes.

22                  MR. WILLING:  Yes.  This is a legal  
23          point.  What they contain is a revenue  
24          requirement, which is different from a customer

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           rate.

2                   CHAIRMAN HONIGBERG:  Yes, it is.  Mr.  
3   Campion, do you understand what your lawyer just  
4   said?

5                   WITNESS CAMPION:  Yes.

6                   CHAIRMAN HONIGBERG:  Do you agree with  
7   what your lawyer just said?

8                   WITNESS CAMPION:  Yes.

9                   CHAIRMAN HONIGBERG:  And what is it  
10   that is in 3-10?  Is it a revenue requirement or  
11   is it a rate?

12                  WITNESS CAMPION:  No, it is a revenue  
13   requirement.  But that is the basis for  
14   generating a rate.

15                  CHAIRMAN HONIGBERG:  You need some  
16   other -- some other factors, though, don't you?

17                  WITNESS CAMPION:  Yes.  Yes, sir.

18                  CHAIRMAN HONIGBERG:  All right.  What  
19   exhibit is it in the confidential binder?

20                  MR. WILLING:  Which exhibit were  
21   you --

22                  CHAIRMAN HONIGBERG:  How does "E"  
23   sound?

24                  MR. WILLING:  Yes.  That is the one.

1   BY MR. PATCH:

2   Q.    Okay.  Mr. Campion, --

3   A.    (Campion) Yes.

4   Q.    -- were the tariff and was the "revenue  
5           requirement", I guess we'll call it, determined  
6           in part based on Valley Green's original plan to  
7           own the tanks?

8   A.    (Campion) Yes, I believe it was.

9   Q.    And, so, the information that you provided in  
10          response to that data request, is that based on  
11          ownership or based on the change -- changes  
12          you've made to that filing?

13  A.    (Campion) I believe we filed both.

14  Q.    So, there are two separate responses to 3-10  
15          then?

16  A.    (Campion) Yes.  I think there were --

17  Q.    Or is that --

18  A.    (Campion) -- as part of the build-out scenarios  
19          that we were modeling, there were revenue  
20          requirements for each of those.

21  Q.    So, if I understood you correctly this morning,  
22          you said that Valley Green would no longer own  
23          the tanks, but there will now only be one tank,  
24          and that that would be owned by a new affiliate,

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           Valley Green Energy Services, is that correct?

2   A.     (Campion) Yes.

3   Q.     And that affiliate wasn't part of Valley Green's  
4           original application, was it?

5   A.     (Campion) That's correct.

6   Q.     Is that the one that was formed in December and  
7           filed with the Secretary of State in December?

8   A.     (Campion) No.  I don't believe so.

9   Q.     No?  And, so, as I understand it, the -- I mean,  
10          I have some information that indicates that there  
11          was a Valley Green Energy Services, LLC that was  
12          filed with the Secretary of State of New  
13          Hampshire on 12/15/2015.  Is that the same  
14          entity?

15  A.     (Campion) Yes, it is.

16  Q.     So, do you wish to correct your testimony about  
17          the timing of when that was filed?

18  A.     (Campion) I don't -- what did I testify when that  
19          was filed?  When did I testify?

20  Q.     Well, I think I asked you if it was in December,  
21          and you said you didn't think so.

22  A.     (Campion) Oh.  Well, I guess it was in December.

23  Q.     Now, the relationship between Valley Green and  
24          Valley Green Energy Services, the regulated and

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           the unregulated company -- well, actually, can I  
2           clarify for the record, who is Choice Storage?

3   A.     (Campion) Choice Storage is another company that  
4           I own that does other business.

5   Q.     And how would Choice Storage figure into this  
6           project and this plan?

7   A.     (Campion) Choice Storage would figure into this  
8           project only as the current property owner, and  
9           would therefore be the entity that would execute  
10          leases, if they were to be leases, or property  
11          sales, if there were to be sales.

12  Q.     And would that be an affiliate of Valley Green?

13  A.     (Campion) No.

14  Q.     No.  Okay.  So, they would not be subject to  
15          affiliate transaction rules here at the  
16          Commission?

17  A.     (Campion) I don't believe so.

18  Q.     What about the other entities --

19                 MR. WILLING:  Is it --

20                 CHAIRMAN HONIGBERG:  Mr. willing, what  
21          do you want to say?

22                 MR. WILLING:  Yes.  It's a legal  
23          question.  And, so, --

24                 CHAIRMAN HONIGBERG:  His opinion, for

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           what it's worth, is that it wouldn't be subject  
2           to the affiliate transaction rules.  He may or  
3           may not be right.

4                       MR. WILLING:  Okay.

5                       WITNESS CAMPION:  And I admit that.

6                       CHAIRMAN HONIGBERG:  It might, if you  
7           want to raise an objection to the question next  
8           time, that might help us --

9                       MR. WILLING:  Okay.

10                      CHAIRMAN HONIGBERG:  -- get that out  
11           there before it happens.

12  BY MR. PATCH:

13  Q.    What about Valley Green Energy Services?  You  
14        know, would they -- as I understand it, they  
15        would not be a regulated company.  Would they be  
16        an affiliate of the regulated company?

17  A.    (Campion) I think they would be an affiliate of  
18        the regulated company.

19  Q.    And, so, thus subject to the affiliate  
20        transaction rules?

21  A.    (Campion) That's right.

22  Q.    Are you familiar with the affiliate transaction  
23        rules?

24  A.    Only in a general fashion.  I've had discussions



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       about them with legal staff, as well as some of  
2       the -- with Mr. St. Cyr.  My understanding is  
3       that affiliate transactions have to be cleared,  
4       and also need to carefully separate activities  
5       that could be seen as a subsidy of -- or, a  
6       subsidy of regulated activities by unregulated  
7       activities, or the reverse.

8               WITNESS CAMPION:  Is that --

9               CHAIRMAN HONIGBERG:  This isn't a test.  
10       If you -- that's an understanding you have, to  
11       the extent that it's relevant, or --

12              WITNESS CAMPION:  Yes.  That's my  
13       understanding.

14              CHAIRMAN HONIGBERG:  -- we'll work with  
15       it.

16              MS. BROWN:  Question.  Are there going  
17       to be other questions to Mr. Campion that involve  
18       legal analysis or a legal understanding?

19              CHAIRMAN HONIGBERG:  I don't know.  
20       But, in that instance, I think it's fair to say  
21       Mr. Campion volunteered a whole bunch of  
22       information well after he had answered the  
23       question.  So, that's -- your witness chose to do  
24       that.  So, the question that he was asked was a

1           fairly simple one, as I recall.

2                       Mr. Patch, you may continue.

3 BY MR. PATCH:

4 Q.     So, just so we're clear on the record, would the  
5         change in ownership of the tanks have any -- or,  
6         the tank now, instead of "tanks", would that have  
7         any impact on the tariff or the revenue  
8         requirement?  What's your understanding of that?

9 A.     (Campion) My understanding of that is that the  
10        tariff would be based on a per MMBtu charge for  
11        storage that could be -- that could be put into  
12        the rate, based on approved expenses on the part  
13        of the unregulated company to be put into the  
14        rate.  That is to say, it would be -- that it  
15        would be the regulated company's responsibility  
16        to establish the appropriate charge for storage,  
17        as it relates to the rate.  And, that's it.

18 Q.    So, in other words, the change in ownership does  
19        factor into those costs and into the -- you know,  
20        the calculation of the revenue requirement,  
21        ultimately into the tariff?

22 A.     (Campion) Oh, yes.  It would factor in, yes.  It  
23        would.  And it would also provide some other  
24        advantages, specifically the ability to grow the

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 Company without having to expand the CapEx  
2 associated with it.

3 Q. Mr. Carroll, just so we're clear on the record,  
4 if Valley Green is not awarded this franchise,  
5 would Gulf still develop the processing plant in  
6 Pennsylvania?

7 A. (Carroll) I'm not sure. Not sure.

8 Q. As you said before, I think it depends,  
9 obviously, on what sort of contracts you have for  
10 that?

11 A. (Carroll) That's a big part of it.

12 Q. I mean, what portion would Valley Green  
13 constitute, as you currently envision the plan  
14 for that project? I mean, is it 50 percent?  
15 25 percent? 75 percent? How critical is it to  
16 the develop of that project?

17 A. (Carroll) At full build-out of the Valley Green  
18 distribution system, and, you know, there are so  
19 many assumptions there, it would be about  
20 30 percent of the plant's capacity.

21 Q. Mr. Stanley, just a couple of questions for you.  
22 You've been with TRI-MONT, as I understand it,  
23 since 2012?

24 A. (Stanley) That's correct.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     How many employees do you have?

2     A.     (Stanley) Currently?

3     Q.     Yes.

4     A.     (Stanley) About 20 employees.

5     Q.     And you use those employees to serve, obviously,  
6            a number of clients?

7     A.     (Stanley) That's correct.

8     Q.     And, in the event that Valley Green is awarded  
9            this franchise, and you work out a final contract  
10           with them, how many employees do you envision  
11           hiring in order to serve Valley Green?

12    A.     (Stanley) TRI-MONT's role, at this point in time,  
13           is an operations and maintenance services  
14           management group.  So, we would have an  
15           engineering, technical, operations, and so on.  
16           So, we're anticipating a four to five-person  
17           team.

18    Q.     You're familiar with Mr. Knepper and Mr. Wyatt's  
19           testimony about emergency response plans that  
20           Valley Green would have to develop?

21    A.     (Stanley) Yes, I am.

22    Q.     And would you be responsible for developing  
23           those?

24    A.     (Stanley) Yes, we would.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     And do you have experience developing emergency  
2            response plans?

3     A.     (Stanley) Yes, we do.  We have assisted existing  
4            natural gas user customers with their emergency  
5            response plans at various levels from the  
6            beginning.  But we use industry standards in  
7            order to develop that beginning phase, and then  
8            develop the emergency response based on the  
9            requirements of the regulatory agency, as well as  
10          the physical asset of the owner.

11    Q.     And Mr. Wyatt and Mr. Knepper talk about  
12            "operator qualifications plan", "public awareness  
13            plan", a "construction quality assurance plan",  
14            and "operations and maintenance plan".  Are those  
15            all ones you would be responsible for developing?

16    A.     (Stanley) Yes, it is.

17    Q.     And have you developed any of those at this  
18            point?

19    A.     (Stanley) For Valley Green, we have draft plans  
20            that are, again, consistent with industry  
21            standard.  They would be modified to final  
22            completion upon understanding what the final  
23            assets would be.  And, yes, we have developed  
24            drafts.  And have actually provided some table of

1           contents to those plans in some cases.

2   Q.    Page 8 of your testimony, Exhibit 2, Bates Page  
3           25, you say that "Valley Green expects to use  
4           RFPs for construction contracts and select a  
5           proposal from the responsive bids."  Is that  
6           correct?

7   A.    (Stanley) Yes, it is.

8   Q.    Why does a business usually use an RFP process?  
9           Why don't they just negotiate contracts, like Mr.  
10          Campion said before?

11  A.    (Stanley) RFP process is used for, in my opinion,  
12          in two ways.  One, from a price perspective, but  
13          also on a qualifications perspective.  So, RFPs  
14          can be solicited based on qualifying the entity  
15          and whether they have the capabilities to perform  
16          the service or not, as well as cost.

17  Q.    You're the witness responsible for Staff 1-4, the  
18          response to that, Exhibit 4, Bates Page 7 to 11,  
19          which I think talks about the qualifications of  
20          TRI-MONT.  Is that correct?

21  A.    (Stanley) That's correct.

22  Q.    And the information contained in that response  
23          refers a number of times to the "Town of Sterling  
24          Municipal Gas Company project".  And it appears

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           that that particular project is utilizing both  
2           CNG and LNG as options.  Is that fair so say?

3   A.     (Stanley) It actually uses three options.  It's  
4           CNG, LNG, and direct pipeline potential  
5           connections.

6   Q.     Mr. Carroll, on Page 3, Exhibit 2, Bates Page 34,  
7           you describe a "Tolling Service".  Do you recall  
8           that?

9   A.     (Carroll) Yes, I do.

10   Q.     Could you describe how that would work?

11   A.     (Carroll) So, we looked at some of the larger  
12           customers that were in the area that may want to  
13           have more direct negotiations with gas suppliers,  
14           for perhaps, you know, locking in basis or, you  
15           know, hedging their natural gas purchases.  And,  
16           you know, Gulf is in a position, much like a  
17           natural gas marketing company, to offer that  
18           service.

19   Q.     And, so, that would be separate from the  
20           regulated company.  How would you distinguish  
21           between services being offered by the regulated  
22           utility and offering by Gulf?

23   A.     (Carroll) We're trying to set this up like a  
24           regular utility, like Liberty Utilities.  You

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1        know, I can buy natural gas from Sprague behind  
2        the meter -- or, the city gate, excuse me, and,  
3        you know, go about buying gas that way, or I can  
4        buy gas through Liberty Utilities at their  
5        published rates.  So, it's kind of this -- maybe,  
6        you know, it is -- this is a unique project.  
7        We're trying to be as much of an LDC as possible.

8    Q.    "Unique".  You don't have any experience with  
9        anything similar to this kind of venture then?

10   A.    (Carroll) Not many people do.  There's very few  
11        baseload gas island facilities in the country.

12   Q.    Mr. Bernstein, on Page 3, Exhibit 2, Bates Page  
13        41 of the testimony, Mr. Brown's testimony that  
14        you have adopted, and it says that your company,  
15        New Energy Capital Partners, "currently provides  
16        financial services", like "ongoing management,  
17        optimization of the financial structure,  
18        monitoring and management of debt covenants",  
19        there's a whole list there, and "in the solar,  
20        landfill gas, biogas, and biodiesel industries",  
21        correct?

22   A.    (Bernstein) Yes.

23   Q.    Are any of those regulated utilities?

24   A.    We are not a shareholder in a regulated utility.



1 Our projects typically sell energy from -- and  
2 buy energy from regulated utilities.

3 Q. So, this would be the first time that your  
4 company would invest in a regulated utility?

5 A. (Bernstein) That's correct. However, we feel the  
6 operations, financing structure, and management  
7 are not all that different.

8 Q. As I understand it, your company would be  
9 providing financial services on an ongoing basis  
10 to Valley Green, is that correct?

11 A. (Bernstein) To clarify, we're not a broker  
12 dealer, we don't provide financial services in  
13 the regulated sense of the term. We provide  
14 ongoing financial supervision and assistance in  
15 the monitoring of our investment.

16 Q. So that would be the extent of your involvement  
17 with Valley Green?

18 A. (Bernstein) We'd also be a primary investor, with  
19 all the attendant rights and responsibilities  
20 that being a primary shareholder entails.

21 Q. But no services, you know, like helping to find a  
22 CFO or performing any services of a CFO or  
23 anything like that, either on a transitional  
24 basis or long term?

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 A. (Bernstein) We may assist in those functions, but  
2 I doubt we would be retained for a fee to provide  
3 HR services.

4 Q. And, so, do you have any experience then in  
5 similar services being provided to a regulated  
6 utility?

7 A. (Bernstein) We have not previously been retained  
8 to provide recruiting services for a regulated  
9 utility.

10 Q. And, have you worked out with Mr. Campion or with  
11 Valley Green how you would be compensated for  
12 those services?

13 A. (Bernstein) I just stated, I doubt we would be  
14 retained to provide recruiting services. So, we  
15 certainly haven't discussed compensation for  
16 something we don't think we'll be retained to do.

17 Q. As I understand it, your company is going to  
18 provide the initial funding for this project.  
19 And, then, when the project is completed, it  
20 plans to turn some of the equity invested in the  
21 project into debt. Is that fair to say?

22 A. (Bernstein) That is a reasonable expectation.

23 Q. Isn't it true that Valley Green would be a  
24 riskier and thus more expensive investment,

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           compared to a much larger company that has a,  
2           say, a BBB S&P rating and finances the debt at  
3           the parent level?  Wouldn't it be a much riskier  
4           investment?

5   A.    (Bernstein) Riskier from whose perspective?

6   Q.    Well, from your perspective, I would think, your  
7           company's perspective.

8   A.    (Bernstein) There's other investment managers  
9           that invest in large BBB public utilities.

10  Q.    No, that's true.  But all I'm saying is riskier  
11           than -- I mean, my question was, wouldn't an  
12           investment in Valley Green be riskier than those  
13           other kinds of investments?

14  A.    (Bernstein) An investment in a company like  
15           Valley Green would be riskier than buying the  
16           stock of a public BBB utility, yes.

17                   MR. PATCH:  That's all the questions.  
18           Thank you.

19                   CHAIRMAN HONIGBERG:  Mr.  
20           Christopoulos, do you have any questions?

21                   MR. CHRISTOPOULOS:  Yes, sir, I do.

22                   CHAIRMAN HONIGBERG:  Go ahead.

23                   MR. CHRISTOPOULOS:  Chris Christopoulos  
24           representing the City of Lebanon.

1   BY MR. CHRISTOPOULOS:

2   Q.   Mr. Campion, in your testimony earlier this  
3       morning, you stated that you had begun site plan  
4       review with the City of Lebanon.  Can you please  
5       clarify the scope and dates of the site plan  
6       review as of today?

7   A.   (Campion) We went through preliminary site plan  
8       review in December of 2014.  That's it.

9   Q.   So, as of today, you have not filed for a formal  
10      site plan review with the City of Lebanon.  Is  
11      that your understanding?

12  A.   (Campion) No, we have not.

13  Q.   And your discussions with the City of Lebanon, up  
14      to this point, have been limited, it was  
15      January of 2014 was the conceptual review with  
16      the Planning Board?

17  A.   (Campion) Correct.  That's correct.

18               MR. CHRISTOPOULOS:  Okay.  Thank you.  
19      I'm done.

20               CHAIRMAN HONIGBERG:  Mr. Cicale.

21               MR. CICALE:  Thank you, Mr. Chairman  
22      and Commissioners.  Gentlemen, my name is  
23      Nicholas Cicale.  I'm here on behalf of the  
24      Office of Consumer Advocate and residential

1           ratepayers.

2 BY MR. CICALÉ:

3 Q.     Just a few questions for you, Mr. Campion.  What  
4         inspired you to enter the utility business?  What  
5         gave you the drive, the nudge?

6 A.     (Campion) That is a good question.  Frustration.  
7         Recognizing that up in our area we would never  
8         have natural gas, unless someone was willing to  
9         do what I'm proposing.  We're too far from any  
10        existing pipeline anywhere.  And that's not by my  
11        analysis, that's by analysis that was done by  
12        Dartmouth College and others.  And the  
13        frustration associated with seeing how  
14        point-to-point natural gas delivery couldn't move  
15        further forward for any but the largest users.  
16        With the earliest project that happened in our  
17        area was the LNG facility that was put in to  
18        accommodate Kleen Laundry.  Kleen Laundry has a  
19        fairly substantial load, but it's a substantial  
20        enough load to justify the close to a million  
21        dollar investment it took to put in a tank and  
22        vaporization facility.  The facility that they  
23        put in, as it stands today, could easily  
24        accommodate all of its neighbors.  There would be

1       no need for additional facility.  All it would  
2       take would be plastic pipe to bring in all the  
3       users in its immediate vicinity, and yet that  
4       couldn't be done, because you have to be a  
5       utility in order to run a pipe in the ground.

6               The same frustration applies across our  
7       "island" market, if you will.  The largest users  
8       will, without a doubt, take advantage of the  
9       opportunities from point-to-point delivery of  
10      both CNG and LNG to clean the environment and  
11      save money.  But the rest of us, and that's a  
12      large percentage of the demand in our area, are  
13      much smaller and can't accommodate that kind of  
14      investment.

15              And, so, the motivation was really to  
16      aggregate that demand and spread that cost  
17      over -- spread that cost over the larger group of  
18      small C&I users that really are what represent  
19      the majority of the Upper Valley.  And, that's  
20      why.

21   Q.    So, frustration in access of gas motivated you to  
22          enter the business.  At what point did that  
23          frustration transform from just frustration to "I  
24          want to start a utility"?  How long ago did that

1           occur?

2   A.     (Campion) As I said this morning, I think that  
3           the flag in the ground was when I went before the  
4           City of Lebanon for preliminary site plan review  
5           and proposed it on site, 2013.

6   Q.     So, prior to the -- basically, prior to this  
7           filing with the Commission, and did you engage in  
8           any consultations or any self-education in how to  
9           own or operate a utility?  How to manage or run a  
10          utility business?

11  A.     (Campion) That's been an ongoing process.

12  Q.     How have you been doing that?

13  A.     (Campion) I've been having conversations and  
14          meetings with people that provide those services.  
15          I've had meetings with suppliers and engineers.  
16          I had meetings with other utilities, including  
17          Vermont Gas, to talk about the proposed operation  
18          that I had, and had talked about the possibility  
19          of getting assistance and emergency response and  
20          potential assistance in aspects of the business  
21          that I knew that I would have to fill, including  
22          operations and maintenance.

23                 I attended LDC forums to educate myself as  
24          to the direction of the business generally and,

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       more specifically, the specific needs of  
2       operations like I was proposing.

3               I researched also other facilities like this  
4       around the world and had discussions with some of  
5       them.  One specifically in Alaska, where an LNG  
6       facility, very similar to what we're proposing,  
7       was put in place a number of years ago, and not  
8       only have I had conversations with them directly,  
9       but I also had conversations with individuals who  
10      assisted in the initial build-out, and with the  
11      proposed state takeover, which was what  
12      eventually happened.

13              So.  It was a long process, and it's been an  
14      ongoing process, of education, and specifically  
15      for this kind of an "island" system, not a lot of  
16      in-depth information available.

17   Q.   In this pursuit for more knowledge and know-how,  
18       what things did you start with lacking?  What did  
19       you seek to find out or figure out how to do from  
20       the outset?

21   A.   (Campion) Well, I really responded to a list of  
22       issues that was presented to me informally  
23       from -- by Staff in meetings that I've had with  
24       Staff.  Helping me define some of the specifics



1       that would constitute, for example, adequate  
2       financial stability or adequate linking to the  
3       national general ledger to afford the PUC the  
4       opportunity to be able to be on the same page  
5       with Valley Green, as it would be with any  
6       other -- with any other utility.  The more detail  
7       required and in-depth understanding of the  
8       specifics of gas line installation, I've  
9       consulted with a number of contractors and  
10      engineers regarding that, and worked to put those  
11      kinds of -- those kinds of -- that kind of data  
12      into better projections for what the overall  
13      costs we might expect in the project, and what  
14      kind of opportunities there might be to obfuscate  
15      problems that other companies had faced.  For  
16      example, what consequence would -- what  
17      consequence would horizontal drilling bring to  
18      the specifics of our situation?  Would this  
19      alleviate problems at a specific cost that we  
20      would take -- that we can take advantage of?  A  
21      lot of detail, piece-by-piece, of the elements  
22      that we needed.

23           I researched a number of different billing  
24      techniques and rate-determining methods.  Again,

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       the educational part was there, but, in many  
2       cases, there were aspects that didn't -- that  
3       didn't connect directly to what I was proposing,  
4       simply because we're not hitched up to a gas  
5       line, to a gas main, that we were bringing in  
6       purchased product in a tank and vaporizing it  
7       from there.  So, developing a rate, based on  
8       that, was considerably different than many of the  
9       rates that I looked to compare it with.

10             Site work recommendations and that sort of  
11       thing were also an important part of it.  I  
12       realize that 59A regulations were going to be an  
13       important piece of the question.  But how that  
14       related to the specific site and what kind of  
15       flexibility we might have was part of that as  
16       well.

17   Q.   At this point in time, are you comfortable with  
18       the level of knowledge and research you've  
19       obtained through this self-education and  
20       consultation series of exercises that you  
21       performed in your pursuit for this utility?

22   A.   (Campion) I think I have -- I think I have put  
23       together a network of resources that I can, going  
24       forward, call on when more information needs to

1           be gathered and new directions need to be forged.  
2           So, I would have to say "yes".  I do feel that  
3           I'm in a position now where I can, with  
4           confidence, find the resources that I need to  
5           move the project forward.

6  Q.   Now, hypothetically, the Commission approves this  
7           project, and to the point at which you put the  
8           project into service, what's next for you, as far  
9           as your self-education and your thirst for  
10          knowledge in how to operate this business?  What  
11          else do you need to know or do you feel as though  
12          you need to know?  If anything?

13  A.   (Campion) Well, again, I don't think that it's --  
14          I don't think there's necessarily a specific  
15          information set that you learn and you're done  
16          with.  Not only is there -- there are a lot, I'm  
17          sure, that needs to be -- that I'll be counting  
18          on others for guidance.  But, also, there are  
19          specifics associated with our particular market.  
20          We really, from the outset, have tried to say  
21          we're looking to bring this product to our area,  
22          and, as such, have taken a more broad approach  
23          toward delivering that than a company that does,  
24          for example, exclusively pipeline gas or a

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           company that exclusively does point-to-point CNG.  
2           We're hopeful that we can, with alliances and  
3           other commitments, service the need of our area  
4           in a more comprehensive way.  And there's  
5           certainly an increased learning curve associated  
6           with that as we move forward.

7   Q.    Have you identified any individuals or  
8           consultants that have the institutional knowledge  
9           and experience at utilities that might be useful  
10          for you in getting this business off the ground?

11  A.    (Campion) Yes, I have.

12  Q.    What skill sets or tasks might these individuals  
13          be useful in helping you with?

14  A.    (Campion) Well, I think that -- I think that  
15          practically all actions are going to -- moving  
16          forward will take re-evaluation.  And, again, I  
17          have been in touch with other operators, Vermont  
18          Gas being one, and I think they're a good  
19          resource for knowledge about how -- how systems  
20          could be integrated.  And I think that there  
21          are -- again, I've had -- I've had contacts with  
22          Summit, a company that is currently doing a great  
23          deal of pipe expansion in Maine, and  
24          conversations with them have and will probably

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           continue to eliminate potential hurdles and  
2           mistakes that one can make in this kind of field.  
3           So, kind of an ongoing --

4   Q.   Do you have any employees at this time or are you  
5           the sole proprietor and employee of the Company?

6   A.   (Campion) We do not have -- we do not currently  
7           have a payroll.

8   Q.   Now, in the process of getting this utility off  
9           the ground, what sort of business development  
10          have you engaged in?

11   A.   (Campion) I've been in contact since 2012 with  
12          all of the major players in our area, and have  
13          had business development discussions with all of  
14          those.  Again, the -- when it comes to writing  
15          firm contracts, once we have a franchise, I'd be  
16          revisiting those same contacts and looking to  
17          establish development deals going forward.

18                It's not -- it's not a large puddle we're  
19          talking about.  It's really a relatively small  
20          number of businesses in the entire area.  And,  
21          therefore, we can be pretty intimately connected  
22          to the potential customers and be able to react  
23          and respond to what their needs are as they  
24          change over time.

1           We, for example, have -- there's a major  
2       propane customer in our area that I know would  
3       potentially be interested in being on natural  
4       gas, but they're tied to a very long-term  
5       contract that relates specifically to the money  
6       that the company spent to bury large tanks  
7       outside their facility.  What's their timeline?  
8       Well, that's the kind of development that happens  
9       over a long period of time, and we can hopefully  
10      look down the road a number of years to when that  
11      company might possibly be -- might possibly be a  
12      customer.

13           So, that's the kind of development that I've  
14      been working toward.

15   Q.     So, you've been doing all this business  
16      development with potential customers on your own?  
17      You haven't had any outside help by a contractor  
18      or consultant at all?

19   A.     (Campion) No.

20   Q.     How much time would you say you've invested in  
21      this pursuant to generate customers for the  
22      business?

23   A.     (Campion) I don't think I could really put an  
24      hours on it.  I really don't think I could put a

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           number of hours on it.  It's been going -- it's  
2           been something that I've been -- these are folks  
3           that I see with some frequency, in most cases,  
4           and conversations are ongoing.  So, I would have  
5           to say "a lot".

6  Q.       So, it's safe to say --

7  A.       (Campion) "Hundreds of hours", how's that?

8  Q.       It's safe to say you have a lot on your plate.  
9           You've orchestrated a start-up with an investor,  
10          a fuel supply company, an engineering company.  
11          And, with all the regulatory hoops that you're  
12          seeking to hop over here, do you think it would  
13          be helpful to you to get some outside help in the  
14          business development area to get this thing  
15          started?

16 A.       (Campion) I think it would.  I think it would,  
17          very much so.  And, I think that, again, when it  
18          comes to -- when it comes to developing business,  
19          that I think the first thing you have to be is  
20          able to develop the business.  That is to say,  
21          without a franchise, I can't represent to a  
22          customer that I can do anything.  I can say "gee,  
23          well, you know, if I could bring it, this is what  
24          it would probably cost to you."  And, if the

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       franchise is granted, we would be on a two-year  
2       timeline to make that development happen.  And,  
3       at that point, with a clock ticking, it will be  
4       important to put together the staff on many  
5       levels that it would take to meet that deadline.

6   Q.   Mr. Carroll mentioned the fact that he envisions  
7       Valley Green being somewhat of a shipper of Gulf,  
8       in a sense, similar to what an LDC, like  
9       EnergyNorth, would be to an interstate pipeline,  
10      a customer of that interstate gas supply.  Now,  
11      in that business with the interstate pipelines,  
12      they have to identify that they have some sort of  
13      contract with a shipper for approval, meaning a  
14      customer.  And, do you -- now, in this sense, do  
15      you think as though it would be useful to have a  
16      contract with a customer for your business for  
17      approval?

18   A.   (Campion) I'm sorry.  Could you run that one by  
19       me one more time?

20   Q.   Certainly.  So, in the large scale, the  
21       interstate gas business, in order to get approval  
22       by the Feds for a pipeline project, they need to  
23       identify a need, customers.  Would it be useful  
24       for your business to have option agreements,



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           meaning agreements that could -- may not happen  
2           if your business is not approved?

3   A.    (Campion) Yes.  I mean, it would be helpful to  
4           have those.  But, again, it's -- the analogy  
5           breaks down, I think, when you're talking about  
6           an existing pipeline.  You're comparing it to our  
7           virtual pipeline, which are trucks under  
8           contract, and we can -- we can put that part of  
9           our pipeline in place without any regulator  
10          clearance.

11   Q.   On the contrary, in order for an interstate  
12          pipeline to be built, they have to identify a  
13          need, thus customers.  Do you think as though  
14          contracting with potential customers would assist  
15          in the approval of your business?

16   A.    (Campion) Oh, yes.  Yes, it would.  All I'm  
17          saying is that we -- we're in that situation now.  
18          I mean, if we have a -- if we have a customer in  
19          the Upper Valley that wants LNG, we would  
20          incorporate the transportation of that fuel into  
21          our contract, and that is what constitutes the  
22          virtual pipeline is all I'm saying.

23                   MR. CICALÉ:  Thank you, gentlemen, for  
24                   being responsive to OCA's questions.  Nothing

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 further, Commissioners. Thank you.

2 CHAIRMAN HONIGBERG: Mr. Speidel, given  
3 the hour, I think it may make sense to break for  
4 lunch now. Just as a guide for us going forward,  
5 how long do you think you have?

6 MR. SPEIDEL: I wouldn't say much  
7 longer than 20 minutes.

8 CHAIRMAN HONIGBERG: All right. But I  
9 think it's appropriate for us to break right now.  
10 So, it's currently 12:30. We'll come back as  
11 close to 1:30 as we can. And I'll note for the  
12 record that we're going to end today at 4:00, or  
13 as soon thereafter as it makes sense.

14 So, we'll break and be back at 1:30.  
15 Thank you.

16 (Recess taken at 12:30 p.m. and  
17 the hearing reconvened at 1:39  
18 p.m.)

19 CHAIRMAN HONIGBERG: Mr. Speidel, I  
20 believe you have the microphone.

21 MR. SPEIDEL: Thank you, Mr. Chairman.

22 BY MR. SPEIDEL:

23 Q. I would like to direct the first set of questions  
24 to Mr. Carroll. And just give me one quick

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           second.  Mr. Carroll, this morning you testified  
2           that the fleet of trucks used for deliveries of  
3           Gulf's wholesale petroleum and LNG products are  
4           owned by Cumberland Farms, is that correct?

5  A.     (Carroll) Correct.

6  Q.     When you say "trucks", are you referring to  
7           "tractor-trailer units", and I thought you made  
8           an indirect mention of that?

9  A.     (Carroll) The tractor part of the  
10          tractor-trailer.

11  Q.     The tractor part of the tractor-trailer.  What  
12          about the tanker part?  Is that being managed and  
13          owned by Gulf or not?

14  A.     (Carroll) Correct.  Yes.

15  Q.     Okay.

16  A.     (Carroll) They remain with Gulf.

17  Q.     Does Gulf have an arrangement or an agreement  
18          with Cumberland Farms to be able to continue  
19          using these tractor-trailers, these tractors?

20  A.     (Carroll) Correct.  We have a Motor Carrying  
21          Carrier Services Agreement.

22  Q.     Okay.  How many LNG tractor-trailer transports  
23          does Gulf have in its fleet?

24  A.     (Carroll) Forty-four.  Well, Cumberland Farms

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           fleet.

2   Q.     The Cumberland Farms fleet.  So, it's 44 tractor  
3           units?

4   A.     (Carroll) Yes.

5   Q.     And an equal number of tankers that Gulf has  
6           available?

7   A.     (Carroll) So, cryogenic transport trailers?

8   Q.     Yes.

9   A.     (Carroll) Okay.  We have four of those.

10  Q.     Four of those.  Okay.

11  A.     (Carroll) And, also, two ISO containers, which  
12           are on a chassis.  So, they can be used as  
13           transport also.

14  Q.     "ISO", is that the International Standards  
15           Organization?  Is it kind of shorthand for  
16           the --

17  A.     (Carroll) Yes, I think so, actually.

18  Q.     -- for the --

19  A.     (Carroll) Yes.

20  Q.     Okay.  So, they're trailer units that are  
21           certified for that duty?

22  A.     (Carroll) Yes.

23  Q.     Okay.  Do you anticipate Gulf, with its partner,  
24           Cumberland Farms, will be able to provide the

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           necessary LNG transport services to enable Valley  
2           Green to maintain its winter period seven-day  
3           storage requirements?

4   A.   (Carroll) Yes.  I think this is going to sort of  
5           develop over time.  So, you know, you keep adding  
6           equipment as the needs grew.  We could either use  
7           Cumberland Farms, under our current agreement  
8           with them, or we could use another carrier that  
9           we use for other portions of our business.

10  Q.   Okay.  Gulf is proposing to operate a CNG/LNG  
11           refueling depot at the Valley Green LNG storage  
12           facility, as we heard this morning.  Under what  
13           regulatory jurisdictions will those operations  
14           fall?

15  A.   (Carroll) I believe that vehicle fueling  
16           stations, you know, you follow the NFPA  
17           guidelines for building those.  As far as -- I  
18           mean, you'd have to get the proper permits in  
19           place with -- I mean, I'm not really an engineer  
20           or a project manager.  So, you know, like in the  
21           past, when we've built our fueling stations, they  
22           have been behind the fence, and we've worked with  
23           local fire officials, the local code enforcement  
24           officer.  You know, we've even conferenced with

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           the State Fire Marshal.  And I imagine it would  
2           be very similar, you know, for the Valley Green  
3           facility, too.

4   Q.   Mr. Stanley, do you have any insight on that, as  
5           far as this particular installation is concerned?

6   A.   (Stanley) Relative to the installation of the  
7           equipment, it would fall under the regulatory  
8           requirements of the state, the state, as Jonathan  
9           mentioned, the fire code, as well as ASMI  
10          standard codes as well.

11  Q.   And that is the "American Society of Mechanical  
12          Engineers"?

13  A.   (Stanley) Mechanical Engineers.  Yes, sir.

14  Q.   And the "NFPA", that is the "National Fire  
15          Protection --

16  A.   (Stanley) Protection Code.

17  Q.   -- Code", okay.  This morning, I believe you  
18          described a new scenario, Mr. Carroll, being  
19          formulated, where Gulf would be able to act as a  
20          third party unregulated supplier, possibly  
21          supplying utility customers on Valley Green  
22          Natural Gas system-derived fuel, is this correct?

23  A.   (Carroll) I'm not sure it was new.  I mean, it  
24          was sort of the intent, I guess.

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     That is, so, Gulf is going to be using the Valley  
2           Green physical plant as a springboard or platform  
3           for the marketing of gaseous fuels, is that  
4           correct?

5     A.     (Carroll) Yes.  But I don't think that's a new  
6           concept that was introduced this morning.  I  
7           mean, I think that was stated in previous  
8           testimony.

9     Q.     All right.  Would this be a role for Gulf as a  
10           competitive natural gas supplier as defined in  
11           PUC 3000, our codes?

12    A.     (Carroll) I imagine it would be, actually.

13    Q.     Do you happen to know if Gulf is currently  
14           registered as a competitive natural gas supplier  
15           in our state?

16    A.     (Carroll) No, we are not.

17    Q.     You are not.  Would you imagine that, if Gulf  
18           were to begin the sale of gaseous fuels using the  
19           Valley Green physical plant, that it would  
20           register or seek registration as a competitive  
21           natural gas supplier?

22    A.     (Carroll) Yes.  I think we would do whatever the  
23           state requires.

24    Q.     Okay.  Now, Mr. Stanley, your testimony states

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           that Unitil is one of TRI-MONT's clients.  Does  
2           this include any work related to their gas  
3           operations?

4   A.    (Stanley) Yes, it is.

5   Q.    And the same question with regards to Liberty  
6           Utilities?

7   A.    (Stanley) Yes, it is.

8   Q.    All right.  Mr. Bernstein -- oh, okay.  Could you  
9           expand a little bit on the type of work that you  
10          do for Unitil and Liberty Utilities?

11   A.    (Stanley) For Unitil, we provide construction,  
12          installation, inspection services.  And those  
13          services are providing an operator-qualified  
14          inspectors.  Those qualifications, we carry over  
15          30 covered tasks that are required by Unitil to  
16          perform those services for an inspector.  We also  
17          provide certified welding inspectors to Unitil,  
18          when installing their steel mains as well.

19                As far as Liberty, we support them in the  
20          context of their Bare Steel/Cast Iron Replacement  
21          Program.  This is in Massachusetts, to make  
22          clear.  Their Bare Steel/Cast Iron Replacement  
23          Program, we provide the designs for replacement,  
24          the specification of materials, in accordance



1           with their design standards.  As well as  
2           professional input associated with their review  
3           of their Distribution Integrity Management  
4           Program as required by the state.  As well as  
5           hydraulic modeling, GIS support, and a number of  
6           other various engineering services.

7   Q.    Excellent.  Thank you.  And, would you expect  
8           that you'd provide a similar scope of services to  
9           Valley Green as part of your relationship with  
10          Valley Green?

11  A.    (Stanley) Yes, we will.

12  Q.    Now, Mr. Bernstein, is it fair to say that New  
13          Energy Capital Partners manages funds on behalf  
14          of limited partners, who one or more of which  
15          will be the primary investor in Valley Green?

16  A.    (Bernstein) Yes.

17  Q.    Does New Energy Capital Partners intend to fund  
18          both the regulated and unregulated Valley Green  
19          funding requirements?

20  A.    (Bernstein) Scott Brown would be more familiar.  
21          My understanding is, the discussions have  
22          primarily been around regulated.  But that  
23          certainly wouldn't preclude unregulated as well.

24  Q.    So, subject to check, it's a little bit of a

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 flexible strategy by New Energy Capital Partners  
2 at this point, in terms of the unregulated and  
3 regulated sides?

4 A. (Bernstein) That's right. There's nothing in our  
5 partnership agreements or regulation that would  
6 prohibit us from doing both.

7 Q. Excellent. Thank you. Has New Energy Capital  
8 Funding provided any funding to Valley Green to  
9 date? And, if so, approximately how much?

10 A. (Bernstein) We have not.

11 Q. You have not.

12 A. (Bernstein) We have incurred internal resource  
13 costs, but no cash funding.

14 Q. Would you happen to know what the expected  
15 magnitude of the total investment to finance the  
16 revised Valley Green business plan would be on  
17 behalf of New Energy Capital Partners?

18 A. (Bernstein) I believe that's been submitted as  
19 part of the confidential exhibits.

20 Q. Could you direct us to one of the specific  
21 exhibits or is that something that we ought to do  
22 internally, do you think?

23 CHAIRMAN HONIGBERG: Mr. Willing.

24 MR. WILLING: We believe it's 1-2, but

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           we'll check on that and let you know before we  
2           leave.

3                       MR. SPEIDEL:  Thank you very much.

4  BY MR. SPEIDEL:

5  Q.    Do you happen to have a rough estimate of how  
6       much of New Energy Capital Partners' investment  
7       will be to support the unregulated business and  
8       how much to support utility services, in terms of  
9       the division there?

10 A.    (Bernstein) Presuming we were to fund both  
11       pieces, then I think it would probably depend on  
12       the scale of either piece, which is also a  
13       function of the rate of customer acquisition for  
14       either piece.  So, I don't think that could be  
15       answered with any precision right now.

16 Q.    Okay.  Did New Energy Capital Partners perform a  
17       discounted cash flow analysis to determine an  
18       expected return on the Valley Green project?

19 A.    (Bernstein) Yes.

20 Q.    Does New Energy Capital Partners use the DCF  
21       methodology to evaluate all of its major  
22       investments?

23 A.    (Bernstein) We do, amongst other forms of  
24       evaluation.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     Could you describe some of the other forms in  
2           short summary?

3     A.     (Bernstein) Sure.  Total cash-on-cash multiple,  
4           internal rate of return, net present value,  
5           payback-to-capital return, in other words, how  
6           many years does it take before you get your money  
7           back to a 1.0X, as well as several qualitative  
8           evaluations of management team, regulatory  
9           environment.

10                 As a middle market investor, New Energy  
11           Capital Partners is not investing in large public  
12           companies.  There was a question earlier this  
13           morning from Liberty around the riskiness of a  
14           public stock.  That is not what our business is.  
15           Inherently, investing in medium size companies,  
16           relative to larger companies with public stocks,  
17           entails a lot of qualitative analysis.  And, so,  
18           any quantitative analysis should be taken with a  
19           grain of salt.

20    Q.     What are the advantages to New Energy Capital  
21           Partners, in your view, to the use of the  
22           discounted cash flow analysis for evaluation of  
23           such projects?

24    A.     (Bernstein) If you apply the same discount rate

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       across a variety of projects, you can get an  
2       apples-to-apples comparison of which ones look  
3       better than others.  It's very important to  
4       understand that it's a relative or comparative  
5       way of looking at different investments.  It is  
6       not a tool that can have you say in a vacuum that  
7       this is or is not a good idea.

8   Q.   Does New Energy Capital Partners expect differing  
9       returns on the regulated and unregulated Valley  
10      Green investments?

11  A.   (Bernstein) I don't believe we've gotten that far  
12      yet.

13  Q.   Okay.  Do you have a rough estimate of the  
14      expected return for the regulated piece?

15  A.   (Bernstein) I believe the financial model is  
16      included in the confidential exhibits.

17  Q.   So, we should refer to that financial model.

18               MR. WILLING:  And, Alex, if I can  
19      interject, I want to confirm that it is Staff  
20      1-2, which is "Exhibit 5-A".

21               MR. SPEIDEL:  Thank you so much, Mr.  
22      Willing.

23  BY MR. SPEIDEL:

24  Q.   If the Valley Green franchise request is denied,

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           does New Energy Capital Partners intend to fund  
2           the unregulated business?

3   A.     (Bernstein) I missed the first part of the  
4           question.

5   Q.     If the Valley Green franchise were to be denied,  
6           does New Energy Capital Partners intend to fund  
7           the unregulated business?

8   A.     (Bernstein) We would conduct an analysis at that  
9           time, depending on the reasons for the denial and  
10          the environment at that time.

11   Q.     Excellent.  Thank you very much.  These questions  
12          are now directed to Mr. Campion.  The project's  
13          LNG storage plan has evolved or changed to now  
14          build a 1.2 million gallon LNG storage tank at  
15          the location in Lebanon, New Hampshire.  The  
16          ownership of the facility has also changed, with  
17          Valley Green Energy Services or the unregulated  
18          company now taking ownership.  Mr. Campion, will  
19          Valley Green Natural Gas contract with Valley  
20          Green Energy Services for capacity in the tank  
21          for its requirements?

22   A.     (Campion) Yes.

23   Q.     Will Valley Green Natural Gas own the  
24          vaporization portion of the facility to be used

1           for its utility requirements?

2   A.     (Campion) Yes.

3   Q.     Thank you.  Now, as mentioned offhand, there is  
4           the response to Staff Data Request 1-2.  There is  
5           a confidential version in Exhibit 5.  There's  
6           also a public version in, I believe, Exhibit 6,  
7           if I'm not mistaken.  I think I'll refer to the  
8           page references in Exhibit 6 so that everyone can  
9           follow along, at Bates Page 77 of the redacted  
10          version of the responses.

11                 You'll have to excuse me just one moment.  I  
12           made a little booboo there.  That would be Bates  
13           Page 3 of Hearing Exhibit 6.  That's the response  
14           to 1-2.  And I'm also going to be referencing the  
15           redacted version of Data Request 3-2, Staff 3-2,  
16           at Bates Page 77.  You know, Staff notes that  
17           these revisions have been integrated numerous  
18           times into the data responses and describe  
19           changes to Valley Green's initial business plan  
20           and explains why the business plan has changed.  
21           There are some explanatory notes there.

22                 Would you please summarize how and why the  
23           business plan has changed and when Valley Green  
24           expects to begin utility service if the franchise

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           request is approved?

2   A.     (Campion) Yes.  The "how it has changed"  
3           specifically, mostly does primarily relate to the  
4           capitalization of the storage tank being put onto  
5           the non-regulated business.  The metamorphosis of  
6           the business plan was prompted by a couple of  
7           different things.  One, by the need to have a  
8           truncated plan that could be built out more  
9           slowly.  We started off, when we first started  
10          planning this project, it started at a very  
11          modest level, just integrating the customers  
12          immediately in the business park that the site is  
13          located in.  But, as we expanded and discovered  
14          interest in other areas in our eventual  
15          build-out, the size of tanks grew and the size of  
16          the vaporization grew, the amount of pipe grew,  
17          and it became, you know, it became a bigger nut  
18          to put on the end-user.

19                 But, then, as the spread shrunk between the  
20          price of current fuel and what we could offer for  
21          fuel, it became necessary to retreat to a  
22          build-out that could match the eventual return of  
23          competitive pricing.  When -- I mean, just less  
24          than two months ago, Brent Crude was at \$26 a

{DG 15-155} [Day 2 - REDACTED] {05-05-16}



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       barrel.  And, at that point, it's safe to say  
2       that there's -- there isn't a configuration that  
3       would work to provide natural gas service.  
4       However, even since then, where, you know, Brent  
5       is now hovering around \$50 a barrel, and, while  
6       propane prices are slower to recover, they, too,  
7       are on the recovery.  And, so, it makes -- it  
8       becomes more viable to step in to the staged  
9       build-out that we had put into our later models  
10      as an effective way to build out.

11             And, in answer to your question, when would  
12      we be -- when do I think that we would be moving  
13      into regulated service?  I would think that we  
14      would be coming before the Commission with a rate  
15      case before the expiration of our two-year  
16      deadline.

17   Q.    So, you would expect that the rate case would be  
18          a final adjustment of what are currently your  
19          proforma rate structures, --

20   A.    (Campion) Yes.

21   Q.    -- to meet market conditions and actual  
22          costs --

23   A.    (Campion) Right.

24   Q.    -- within the two-year period?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) That's right.  And, in a way, sets the  
2           stage for the first rate base breakeven analysis.

3     Q.     Thank you.  You mentioned the drop in oil and  
4           propane prices.  Have they been, these price  
5           drops, have they been detrimental in getting  
6           customer commitments for utility service with  
7           Valley Green?

8     A.     (Campion) Oh, yes.  For sure.  And, actually, the  
9           communications are pretty open with them, with  
10          potential customers.  And, when I discuss this  
11          happening, I understand why a business would sign  
12          a contract for their existing fuel at such  
13          competitive rates for a period of time.  And  
14          that's why we have moved the projected build-out  
15          timeline to the end of a reasonable expectation  
16          of current pricing options that people have.  
17          And, so, yes.  I think the interest is still  
18          there, but, certainly, committing to competitive  
19          prices will have to move on to their next  
20          contract.

21    Q.     Do you have any sense of how the drop in oil and  
22           propane prices has compared to the drop in  
23           natural gas prices over that same timeframe of,  
24           say, over the last year or so?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) Well, actually, I think the price of --  
2           the price of the commodity itself is somewhat  
3           similar in comparison to the drop.  When we were  
4           first looking at commodity prices, we were  
5           thinking that we could be pretty sure we could  
6           get commodity at four bucks per MMBtu, and now  
7           it's under two.  So, that's a -- call it a  
8           50 percent drop.  But, as a percentage of the  
9           expense that we would be looking to recoup from  
10          customers, we have transportation costs,  
11          liquefaction costs, and distribution costs that  
12          have not dropped at the same rate that the  
13          commodity price has dropped.  And, so, therefore,  
14          while it's -- while it's more competitive,  
15          natural gas is still competitive off of a  
16          pipeline, when you're talking about a remote  
17          delivery system, you have to include those other  
18          costs.

19     Q.     Thank you.  In Valley Green's data response to  
20           Staff 3-1, and within Exhibit 6, the redacted  
21           exhibit, it can be seen at -- just want to make  
22           sure I have the precise reference -- at Bates  
23           Page 77 and onward, there's a description of the  
24           service areas and expected baseload use.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) Yes.

2     Q.     And, so, there's a delineation of Service Area A,  
3            B, and C annual baseload LNG usage in gallons.

4     A.     (Campion) Uh-huh.

5     Q.     Which are listed as approximately 18,000, 4,000,  
6            and 5,000 respectively.  And there have been  
7            numerous adjustments and revisions to these  
8            figures that have been presented in the data  
9            response over the months.  The most recent was on  
10           April 22nd of 2016.  And, you know, this may be  
11           the subject of some disagreement, but it now  
12           appears that the Service Area A baseload may be  
13           significantly overstated or overestimated.  Can  
14           you explain why annual baseload in Service Area A  
15           is likely to be less than originally estimated?

16    A.     (Campion) Hold on.

17    Q.     I'll give you a chance to look at your schedules  
18            there and just kind of refresh your memory.

19    A.     (Campion) Area A is Hanover and Dartmouth.  And  
20            we can't count on that we would necessarily have  
21            the Dartmouth load, because we have no contract.

22    Q.     So, without the Dartmouth load, do you have any  
23            sense of how much smaller the Service Area A  
24            baseload can be expected to be?

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) I have it in average gallons per day,  
2            which I think was 4,041 gallons per day average.  
3            I don't have it in MMBtus in front of me.  It's  
4            substantial.  I mean, it's approximately the same  
5            size as Area -- it will be almost the same size  
6            as Area B.

7     Q.     So, it would be roughly at the 4,000 gallon level  
8            --

9     A.     (Campion) Right.

10    Q.     -- ex Dartmouth?

11    A.     (Campion) Yes.

12    Q.     So, have you done any analysis regarding the  
13            expected flow-through of the lower demand onto  
14            the financial proforma modeling that you've  
15            submitted with us?

16    A.     (Campion) Yes.  We did some analysis of that.  
17            But what we did -- what we did was step back to  
18            eliminate A and build -- estimate the build-out  
19            without it in the first phase.  So, we would be  
20            building out to Areas B and C, without A.

21    Q.     And has that been submitted as part of this  
22            filing in any way?

23    A.     (Campion) Yes.

24    Q.     And could you direct us to where that would be?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) That's in scenarios -- Bates stamp 13,  
2           in Exhibit 5.

3     Q.     Thank you so much.  Now, Mr. Campion, I leave  
4           this to your own discretion as to whether you  
5           answer to the entire hearing room, but you've  
6           been working on bringing natural gas service to  
7           Lebanon and Hanover for a number of years, and  
8           I'd imagine that there's some start-up costs  
9           associated with that.  Can you give us a rough  
10          idea of how much you've spent to date on this  
11          endeavor in working capital and how much more  
12          will be spent to commence utility service?

13    A.     (Campion) I actually would rather keep that  
14           confidential.

15    Q.     Okay.  We can put an asterisk there.  Has it been  
16           supplied in any data response definitively?

17    A.     (Campion) No.

18    Q.     It has not.  So, on the basis of what I receive  
19           on my follow-up question, I may ask as to whether  
20           we could have an *in camera* brief session with OCA  
21           and Staff and the Company regarding this  
22           question.

23           Is it your intention to capitalize those  
24           costs and seek recovery through distribution

1           rates for this utility?

2   A.     (Campion) Only to the extent that it can be  
3           justified via the general ledger.  So, to the  
4           extent possible, yes.

5   Q.     Would that be sort of structured in some  
6           regulatory capital fashion, where you would say  
7           "well, this was the contribution from let's call  
8           it "Campion Enterprises", " for lack of a better  
9           term.  It was kind of structured as a loan or as  
10          a contribution of some sort that has to be repaid  
11          back to your personal account?

12  A.     (Campion) I think it would be contribution in  
13          terms of -- into equity.

14  Q.     Equity?

15  A.     (Campion) Yes.

16                   MR. SPEIDEL:  Okay.  Just one moment  
17                   please.

18                               *(Atty. Speidel conferring with*  
19                               *Mr. Frink.)*

20                   MR. SPEIDEL:  Mr. Chairman, regarding  
21                   the first question regarding the amount of  
22                   expenditure by Mr. Campion, when it's convenient  
23                   for the Commission, perhaps we could have an *in*  
24                   *camera* interrogatory about that and put that on

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           the oral record of today as well?

2                   CHAIRMAN HONIGBERG:  I think the way  
3           we'll deal with that is, after the Commissioners  
4           have had a crack at questions, we'll probably do  
5           it then, and see whether it makes sense to do  
6           that in connection with a break or what, but  
7           we'll probably do it at that time.

8                   MR. SPEIDEL:  And, just in case, for  
9           example, that you're right in that there may be  
10          bench questions that haze into the confidential  
11          material.  So, at the present time, Staff would  
12          like to suspend its questioning of these  
13          witnesses.  Thank you.

14                   CHAIRMAN HONIGBERG:  Commissioner  
15          Scott.

16                   CMSR. SCOTT:  Thank you.  Good  
17          afternoon.  I think most of my questions are  
18          going to be directed to Mr. Campion.  But, again,  
19          my usual caveat is, you know, we're trying to  
20          fill a record here.  So, whoever feels they could  
21          contribute, you should feel welcome.

22  BY CMSR. SCOTT:

23  Q.     I'll start with, I think what I heard this  
24          morning, and I may be quoting the wrong person,



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           but I think your attorney even mentioned you're  
2           in a "catch-22 of sorts", I think that was one of  
3           the things I heard.  And I did think, Mr.  
4           Campion, I think you said that you really thought  
5           you were in a position you can't sign customers  
6           without having been granted a franchise.  Is that  
7           a fair --

8   A.   (Campion) Well, that is.  To put it a different  
9           way, again, conversations with the C&I customers  
10          involved have been ongoing for a long time.  And,  
11          when we initially started to sketch out what  
12          costs might look like, and linked it to  
13          individual customer's demand, the parting  
14          comments were "Great.  We'll come back when we  
15          have a franchise."  Saying that that, basically,  
16          we felt that that was -- that was when we could  
17          come back with firm offers that they could count  
18          on, because we could be counted on to be able to  
19          deliver.

20                 If we were to sign customers to contractual  
21                 agreements to deliver fuel, and couldn't deliver  
22                 that fuel, I think we'd be in a tough spot.  So,  
23                 that's why it's, in a sense, is a catch-22.  The  
24                 customer wants to know that you can actually do

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           it, and that you have the permission to do it, as  
2           well as how much it will cost.

3   Q.    So, from that, I understand you don't have any  
4           firm agreements with a customer, I think I  
5           understand that.

6   A.    (Campion) That's correct.

7   Q.    You don't have any agreements for an option or --

8   A.    (Campion) We have --

9   Q.    -- intents or anything like that?

10   A.   (Campion) We have expressions of interest in  
11           writing and in testimony from the biggest  
12           customers out there.  From DHMC and from  
13           Hypertherm, and the City of Lebanon SAU school  
14           system, expressing interest in the project and  
15           interest in seeing indicative pricing as soon as  
16           it's available.  But those are -- those are old.  
17           They're old now.  And, for example, the SAU  
18           commitment may very well have turned around,  
19           because the SAU was in need of replacing their  
20           furnace, that they need to replace it.  And will  
21           they wait for Valley Green to arrive?  Probably  
22           not.  Would they go with propane, so that we  
23           might be able to step in at a later date?  
24           Perhaps.  But they may very well go with a wood

1           chip plant or something else.

2                   So, again, when you're talking about  
3           something that's had this long of a delay,  
4           it's -- we're starting anew, with the same  
5           customers that continue to have interest.

6   Q.    So, same line of questions, but, you know, there  
7           was some -- earlier there was some questions  
8           trying to make it somewhat analogous to federal  
9           jurisdiction pipelines, and what they do is they  
10          get a signed contract before they go to the  
11          Federal Energy Regulatory Commission for "these  
12          people want to buy the firm capacity on my line",  
13          and perhaps they get a certificate of need based  
14          on that.  Now, clearly, those contracts are  
15          predicated on if it actually happens, right?  So,  
16          you know, there is a model in the industry where  
17          you're signing a contract with conditions on it?

18   A.   (Campion) That's right.  And we certainly have to  
19          and be expected to deliver on that level of  
20          commitment to come before you for a rate case,  
21          certainly.

22   Q.    But you haven't tried to do that yet with any  
23          potential customers?

24   A.    (Campion) No.

1   Q.    Okay.  So, moving on, let's say we've approved  
2       the franchise area, you've been granted your  
3       franchise.  Would you agree with me that there's  
4       still got to be a critical threshold of customers  
5       before you would actually go ahead and build.  Is  
6       that fair to say?

7   A.    (Campion) Absolutely.

8   Q.    So, don't you still have the same problem, where  
9       you're at a point where you're asking somebody  
10      "Sign here, but I'm not going to build it yet,  
11      so, you're taking on faith that I'm going to  
12      build it"?

13  A.    (Campion) Well, it's -- that's true, but they  
14      wouldn't be taking it on faith that I can build  
15      it.  And that's a different thing, I think.

16  Q.    Okay.  So, obviously, if you were to get your  
17      franchise with a two-year window, you know, the  
18      obvious thing going on here is if whoever, if  
19      anybody, gets a franchise, in theory, you're  
20      blocking somebody else from coming in who would  
21      like to have a franchise, most likely, right,  
22      unless --

23  A.    (Campion) Well, if we're granted the franchise  
24      for both towns, that's correct.  It would be --

1       presumably be an exclusive to develop that  
2       franchise territory for two years.  The PUC has  
3       the option of introducing another supplier any  
4       time, if public need is demonstrated.  So, if  
5       there was a customer out there that felt like  
6       Valley Green was not providing the service that  
7       they needed, and that there was another utility  
8       out there that could, it would certainly be  
9       within your power to allow that.  And I would  
10      encourage it, because I'm for -- I'm for really  
11      getting the supply to our little market there.  
12      And, if I'm not able to cover it as fast as it  
13      could be covered other ways, I'd be for that.

14             At the same time, in such a small market,  
15      with quick response, would be expected by Valley  
16      Green to a customer that felt like they weren't  
17      getting the service that they wanted from a  
18      utility pipeline.

19             And, again, in this type of an environment,  
20      this type of an "island" system, if you will, we  
21      can respond in a number of different ways to  
22      that.  For example, there's a -- we've had  
23      negotiations with a company that currently is  
24      utilizing compressed natural gas that would be

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           potentially interested in converting to liquefied  
2           natural gas.  Now, if a liquefied natural gas  
3           customer came along and was willing to cut a  
4           bilateral deal that allowed us to lease over a  
5           long term a piece of property, we could put a  
6           liquefaction facility in there that could not  
7           only satisfy their needs, but all of their  
8           neighbors' needs.  But, if we're not a franchise,  
9           we couldn't do that.  We would have to have --  
10          I'll give you an example.  We've been working  
11          with customers that are in the market right now.  
12          We put together a package for the Veterans  
13          Hospital in White River Junction, and we put  
14          together a package for Blaktop, which is a local  
15          paving company.  And, in putting together the --  
16          this is very recently, this was just within the  
17          last couple weeks we've been working on this.  
18          But, at this time, as the price of fuels and the  
19          CapEx associated with the installation, margins  
20          get pretty thin.  But, if we were a franchise, we  
21          could locate -- we could locate on that, on the  
22          Blaktop site, run one pipe next door to the local  
23          block plant, and suddenly it makes sense.  Then,  
24          suddenly, you can bring the price in at a price

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

1       that the customer can handle.  But, again,  
2       without the franchise, you don't have the  
3       flexibility to do that sort of thing.

4               And, again, that's why I would say, if I  
5       were the franchisee, and I didn't respond to a  
6       customer that could legitimately be handled in  
7       some fashion like that, I would expect a  
8       competitor to come in and gripe, and I would  
9       welcome them joining the market.

10   Q.   I was going to ask this last, but I'll ask this  
11       now.  You've kind of alluded to this, and  
12       Mr. Cicale was asking you, you know, "why you're  
13       getting into this?"  Right?  And what I think I  
14       heard you just articulate again is you want to  
15       see gas service in that --

16   A.   (Campion) I want to see gas service in our area.  
17       I mean, we are marooned from gas service.  And  
18       we're too distant from any pipeline to ever have  
19       one arrive.  And, so, we're at the mercy of the  
20       suppliers of energy that we currently have.  And,  
21       with the exception of the point-to-point CNG type  
22       customer, that can have a -- that can afford the  
23       capital associated with build-out, there really  
24       aren't any other options, and there don't appear

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           to be any on the horizon.  So, it's really for  
2           the advantage of our area, of our area  
3           businesses.  We have a very vibrant community,  
4           but we do suffer from high energy costs.  And  
5           it's a significant deterrent for businesses in  
6           our area.

7  Q.     So, as you're well aware, we have -- Liberty also  
8           has a docket in asking for basically the same  
9           franchise?

10  A.     (Campion) Uh-huh.

11  Q.     If that's your goal, why don't you declare  
12           victory and say "this is great", and move on?  
13           Why Valley Green?

14  A.     (Campion) Why Valley Green over Liberty?  That's  
15           a good question.  One of the question -- one of  
16           the answers to that question is, I was very far  
17           down this track before Liberty reared its ugly  
18           head.  We put our Petition in after extensive  
19           work, and even that was -- it was a long time  
20           before Liberty appeared.

21                 Second is that the service specifically that  
22           we're looking to bring to our area is more  
23           comprehensive than simply putting a pipeline in.  
24           We've talked about the unregulated business.



1       Those are the kinds of pieces that have to be  
2       added to really service the area completely.  
3       Whereas Liberty is in the pipeline business, and  
4       they would come in and run a pipeline, and that  
5       would handle a percentage of the business, but it  
6       wouldn't necessarily handle all of it.

7               And the last reason is that I think that I  
8       can deliver it at a much cheaper price, because  
9       I'm in a better location to do it in.  I'll have  
10      to run less pipe.  I'm much closer to the demand.  
11      And I have a lot of elements necessary to move  
12      the project forward already in place.  So, those  
13      are the biggest reasons.

14   Q.   Thank you.  There has been a lot of discussion  
15       about affiliates regulated and non-regulated in  
16       your proposals.  How can the Commission be  
17       satisfied that there won't be  
18       cross-subsidization?  I think you mentioned that  
19       earlier about cross-subsidizing between the  
20       affiliates.

21   A.   (Campion) Yes.  I think that you can be confident  
22       that that won't occur because I feel I have  
23       top-quality legal advice to make sure that that  
24       does not occur.  For example, I understand that,

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       if Choice Storage were to lease property or sell  
2       property to Valley Green, that that could be  
3       considered a subsidized event, and it would  
4       therefore have to be -- go before you.  So,  
5       that's why.

6               I think that I would be guided well enough  
7       to make sure that I don't run afoul of that.  And  
8       that's one of the reasons why we've taken the  
9       step of separating regulated from unregulated  
10      from the getgo, rather than thinking we were  
11      going to devise a general ledger that could  
12      accommodate both.  So...

13  Q.   Thank you.  You also got a lot of questions, I  
14       think Attorney Patch especially, about, you know,  
15       competitive procurement for the commodity itself.  
16       So, what I'd like to understand is, if you don't  
17       do an RFP, how, again, are you going to be able  
18       to demonstrate to the Commission that you  
19       provided the lowest cost commodity as a utility  
20       to your ratepayers?

21  A.   (Campion) Well, first of all, I'm not precluding  
22       the use of an RFP in any way.  And, if it -- if,  
23       for some or all of the procurement the Commission  
24       felt that the RFP process was the only way to

1       move forward to protect the consumer, then we  
2       would do that.  I am just -- I'm more familiar  
3       with bilateral agreements, and we developed a  
4       project with a symbiosis that seemed to bring a  
5       value add that you don't necessarily get from an  
6       RFP process, where the -- where the bottom line  
7       is always the driving force, the lowest possible  
8       price.  I think, in some instances, the lowest  
9       price -- the lowest possible price is you get  
10      what you pay for.

11               So, we would not preclude the RFP process in  
12      any stage.  But we just don't feel that, one,  
13      that was necessary at the stage that we were at  
14      three years ago, two years ago, or that it  
15      necessarily would be a benchmark that we had to  
16      meet for every purchasing agreement going  
17      forward.

18   A.   (Bernstein) To the extent that other states are  
19      relevant and the Commissions' experience here as  
20      well, we've observed utility RFPs often, when  
21      there is a question of technology.  States like  
22      California would go out, if there's a need for,  
23      let's say, 15 megawatts of renewable generation,  
24      with no further definition than that.  Then,

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           often they will use an RFP to evaluate hydro  
2           versus storage versus wind versus clean gas.  
3           There's a spectrum.  And, as Mr. Campion said,  
4           that final determination hasn't been made here.  
5           But, once you've identified a specific  
6           technology, the value add of an RFP possibly goes  
7           down, in terms of the prices of gas are widely  
8           quoted, prices of equipment or rebar are widely  
9           quoted.  There's potentially less discovery  
10          inherent in the time cost of an RFP.  But, of  
11          course, that's a matter of degree and is  
12          situation-specific.

13  Q.     So, I'm interpolating.  So, what I'm really  
14          questioning, other than, really, is what else  
15          would you use other than an RFP?  How do you  
16          know, if you want cost recovery as a utility, you  
17          come before your regulator, you want to recover  
18          costs, how do you prove -- if you don't do an  
19          RFP, you don't have some kind of competitive  
20          process, you don't have some comparison, how do  
21          you show the regulator that what you're doing is  
22          the least-cost alternative, and, therefore, you  
23          should -- you did the right thing?  What do you  
24          compare it to?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) I think we would probably have to  
2           compare it to the probable result of an RFP, and  
3           compare it to, you know, look at the internal  
4           structure of the agreement that we brought  
5           forward, and that would be what we'd have to  
6           demonstrate.

7     Q.     And, if I paraphrase wrong, please correct me.  
8           So, my observation, it appears that, in answer to  
9           "managerial and technical expertise", by a large  
10          degree you're looking at ultimately contracting  
11          people with that expertise. Is that a fair  
12          statement?

13    A.     (Campion) That's really only in the initial stage  
14          of development. We're a small island up there,  
15          and don't have the skilled workforce that would  
16          be needed on board on the island. And, so, we  
17          would, by definition, want to bring people in  
18          with the proper qualifications to be employed by  
19          Valley Green. And we would -- but we wanted to  
20          make sure -- we would want to make sure from the  
21          outset that we had the qualifications needed to  
22          get off the ground. So, to the extent it would  
23          be -- to a great extent, it would be a  
24          transitional arrangement, with TRI-MONT, for

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       example, we would have to have substantial staff  
2       on hand 24/7 to handle emergency response and  
3       that sort of thing.  But we would hope that a  
4       substantial percentage of that would eventually  
5       be in-house staff that would probably have to  
6       move there, if they were brought in and then  
7       trained.  And TRI-MONT is extremely experienced  
8       in both of those things, both doing it and  
9       training it.

10    Q.    So, if I want to be a little bit more granular,  
11       where the utility experience is in the team  
12       you're putting together?

13    A.    (Campion) Well, the utility experience broken out  
14       as, in terms of managing and operating the  
15       pipeline system or the vaporization unit, it  
16       lands with the two companies that I brought  
17       forward.  We have -- we have a separate  
18       subcontractor that will be utilized for meter and  
19       billing operations.  And that, again, would  
20       probably be something that might eventually be  
21       taken in-house, because the number of customers  
22       would be relatively limited.

23    Q.    I've seen reference in your filing, and certainly  
24       now you've gone from -- let me back up a little

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           bit, I apologize.  You've gone from multiple  
2           tanks to one tank is your proposal, correct?

3   A.     (Campion) Yes.

4   Q.     What drove that?

5   A.     (Campion) Well, it actually -- we actually  
6           started that way.  The very first proposal that I  
7           put before the City and the first -- the zoning  
8           variances that we requested included a  
9           1.2 million gallon tank.  And we included that  
10          from the beginning, because we felt that, one,  
11          that there would be value in having the  
12          capacity -- the capability to store capacity that  
13          would be generated in months of low demand, and  
14          not be subject to as much fluctuation of cost.  
15          But we also felt that there was a market for  
16          storage itself.  And that the value in storage  
17          would help subsidize the cost of the storage.

18                 The cancellation of the NED, as an example,  
19                 I think most would agree, pretty much  
20                 institutionalizes peak shaving with LNG going  
21                 forward for a period of time.  This means that  
22                 the demand for storing LNG production will likely  
23                 be greater, rather than less.  And we have -- we  
24                 already have been in conversation with folks who

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[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       are interested in storage at this location.  And  
2       it's no secret who they are.  They're the people  
3       that are actually out there producing the stuff  
4       right now.  And, just over the last 12 to 14  
5       months, those companies have committed to even  
6       more production, and some coming on board as  
7       early as this year, and they're going to need  
8       places to store.

9   Q.   Are you under the impression that the facility  
10       would require a New Hampshire State Site  
11       Evaluation Committee certificate?

12  A.   (Campion) I think it would.  I think it would.  
13       We've gone back and forth about -- and, again,  
14       this goes back to why we pared down to serial  
15       60,000 gallon tanks.  But I'm quite sure that, if  
16       we're in the million gallon tank range, we'll be  
17       talking to the SEC.

18  Q.   So, how does an SEC timeline fit into your -- our  
19       earlier discussion about lining up customers,  
20       getting everything done within a two-year window,  
21       how does that work, do you think?

22  A.   (Campion) Well, again, it's -- it will be a  
23       process, it will be a process.  If, for example,  
24       we start moving down the track with the SEC, and



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1       we're moving down the track simultaneously with  
2       customers out there expecting to contract for  
3       gas, there's the possibility that our initial  
4       build-out could be handled with a temporary tank  
5       situation.  That would let us get up and running  
6       and get the gas flowing, with those tanks to be  
7       removed when the big tank came on line.  That's  
8       the kind of thing we would probably be looking at  
9       doing.

10               Again, once we have even a modest setup, the  
11       range that you can handle with that sort of a  
12       setup is pretty grand.  You know, we could bring  
13       in portable ISOs to store, and simply escalate  
14       the vaporization capacity as we grew, and then  
15       replace the ISOs with the big tank, once it's on  
16       line.

17               CMSR. SCOTT:  I think that's all.  
18       Thank you.

19               CHAIRMAN HONIGBERG:  Commissioner  
20       Bailey.

21               CMSR. BAILEY:  Thank you.  Good  
22       afternoon.

23               WITNESS CAMPION:  Hi.

24       BY CMSR. BAILEY:

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     I think I will start with Mr. Bernstein.  I  
2            looked at I think the Web link that you provided  
3            and looked at your company online.  And it looks  
4            to me like every project you've ever invested in  
5            before has been a renewable project.  Is that  
6            correct?

7     A.     (Bernstein) That's correct.  There's no textbook  
8            definition of "renewable".  But I think that's a  
9            fair statement.

10    Q.     Is LNG renewable?

11    A.     (Bernstein) If you're displacing things like  
12            propane or dirtier fuels, then most people would  
13            consider a shift to LNG to be clean.

14    Q.     Cleaner?

15    A.     (Bernstein) Cleaner, yes.

16    Q.     But it's not carbon-free?

17    A.     (Bernstein) No, it is not.

18    Q.     So, why did your company decide to make an  
19            investment in this?  It seems like a change from  
20            investments that you've made in the past.

21    A.     (Bernstein) I'd say all of our investments, or  
22            most of them, with the exception of the series of  
23            solar investments we've done, have not been  
24            exactly like the ones we've done before.  We've

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1       done fuel cells, we've done landfill gas to  
2       energy, we've done wastewater methane, we've done  
3       renewable fuels, different kinds, each one of  
4       those has been a different thing. So, this would  
5       be another different thing for us.

6             Our mandate is to be, broadly speaking,  
7       sustainable and clean. This does fit into that  
8       mandate. Our limited partners are well aware of  
9       what we do and what we look at. And our interest  
10      in Valley Green has been driven locally.

11            We probably would not be here if we were not  
12      based in Hanover, New Hampshire. We think that  
13      that makes this potentially a good investment for  
14      us. We like local partners. We like people we  
15      can get together with. We have a natural  
16      understanding of what Mr. Campion is trying to  
17      accomplish. And, hopefully, that makes us a  
18      better investor, in that we know more about what  
19      we're dealing with.

20   Q.   Mr. Speidel asked you about the return on  
21       investment that you expect, and you said that it  
22       was in "Exhibit 5". Can you find -- you don't  
23       have to read it out loud, but can you point  
24       that -- point it out to me, where that is?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Bernstein) I don't have a printout of Exhibit 5.

2                     MR. WILLING:  Commissioner Bailey, we  
3     can help in just a moment.

4                     CMSR. BAILEY:  Okay.  Thank you.

5     **BY THE WITNESS:**

6     A.     (Bernstein) And, Commissioner, I personally did  
7     not work on these spreadsheets, our staff did.  
8     And I don't know that there is an actual printed  
9     number saying "X percent" is the return.  More  
10    likely, there's a required capital, there's a  
11    required profit stream, and thereby there's an  
12    implied return of capital one could calculate, if  
13    this resembles other analyses we would have done  
14    for other projects like this.

15    Q.     Is there a -- is there an applied return of  
16    capital, a number that I can find in here, do you  
17    think?  Should it be?  I mean, when we regulate  
18    utilities, we always talk about the return on  
19    investment, the capital structure, the cost of  
20    debt, and the weighted average cost of capital.  
21    And, so, that's a really important piece of  
22    information to know.  So, I'm looking for some  
23    indication about what the expected return on  
24    investment would be.

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 CHAIRMAN HONIGBERG: Attorney Brown, do  
2 you have something?

3 MS. BROWN: Yes. To the extent you're  
4 talking about traditional rate of return for the  
5 Company, it would be in the proforma schedules  
6 that were in response to Staff 3-10. If you're  
7 looking for the return of the capital partner,  
8 that would be in 5-A, and it's those -- the  
9 spreadsheets that I think Mr. Bernstein is  
10 referring to that are in response to Staff 1-2  
11 and 1-7.

12 CMSR. BAILEY: Okay. Can you show me  
13 on 5-A, because there's a million pages on 5-A,  
14 the number that I'm looking for?

15 MR. WILLING: We'll look for the page.

16 MR. SPEIDEL: At 51, maybe.

17 CMSR. BAILEY: Fifty-one (51),  
18 Mr. Speidel thinks.

19 WITNESS BERNSTEIN: Yes.

20 WITNESS CAMPION: Bates Page 51.

21 BY CMSR. BAILEY:

22 Q. Okay. So, help me out with that. Tell me --  
23 remember that this is confidential, so don't say  
24 any numbers, but tell me how to understand it.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Bernstein) Yes.  This is our standard project  
2           model.  And the total equity IRR would be the  
3           return across all of the equity investors, as  
4           opposed to the debt investors.  And, then,  
5           underneath, the "Total Equity IRR", you see a  
6           breakout for two potential equity providers.

7     Q.     Hold on.  I'm on the wrong page.

8                   MS. BROWN:  Mr. Bernstein, which Bates  
9           stamp page are you on?

10                   WITNESS CAMPION:  Fifty-one (51).

11                   WITNESS BERNSTEIN:  Fifty-one (51).

12                   CMSR. BAILEY:  That's the page I should  
13           have been on, but I wasn't.  Sorry.

14     **BY THE WITNESS:**

15     A.     (Bernstein) So, there's a yellow highlighted  
16           box --

17     BY CMSR. BAILEY:

18     Q.     Okay.

19     A.     (Bernstein) -- with "Total Equity IRR".

20     Q.     Okay.  Thank you.  And, Mr. Campion, can you show  
21           me where your rate of return expectations are?  
22           That would be probably in maybe Exhibit 4, Tab F?  
23           I don't know.  No.

24                   MS. BROWN:  You're looking at Tab E, I

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           believe.

2                   CMSR. BAILEY:  Oh.  Thank you.  In 4 or  
3           5?

4                   MR. WILLING:  Five.

5                   MS. BROWN:  Five.

6                   CMSR. BAILEY:  Right.

7                   WITNESS CAMPION:  Page 102.  Bates  
8           stamp Page 102.

9                   CMSR. BAILEY:  Okay.

10                  WITNESS CAMPION:  Line 2, Schedule 4.

11                  MS. BROWN:  I believe there are other  
12           pages, if I could interject here.  Mr. Campion,  
13           there are multiple scenarios.

14                  WITNESS CAMPION:  Right.  I just picked  
15           one.

16                  CMSR. BAILEY:  Right.  Yes.  And that's  
17           good that you picked one, I have some questions  
18           about that.  We might as well go there now.

19                  WITNESS CAMPION:  Okay.

20   BY CMSR. BAILEY:

21   Q.   Can you explain what Phase 2, Phase 2 and 3, and  
22       Phase 2, 3, and 4 are, --

23   A.   (Campion) Yes.

24   Q.   -- so I know the difference between?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) Yes.  It's geography.

2     Q.     Does it go with A, B, and C?

3     A.     (Campion) Yes.  It does.  Basically, the first  
4            phase would be a percentage of the demand in Area  
5            B.  The second would be --

6     Q.     So, Phase 2 is Area B, because you've sort of  
7            written off Area A?

8     A.     (Campion) No, because it's the closest  
9            geographically to the source.

10    Q.     Okay.

11    A.     (Campion) And it would require the shortest  
12           amount of pipe, and the least amount of storage.

13    Q.     Okay.

14    A.     (Campion) And, so, 2 and 3 would be that, plus  
15           Area C or part of C, and so forth.

16    Q.     And what would Phase 4 add?

17    A.     (Campion) Phase 4 would be our full build-out,  
18           including all of Hanover.

19    Q.     And, so, including Area A?

20    A.     (Campion) Yes, including Area A.

21    Q.     So, back to Mr. Bernstein maybe, maybe Mr.  
22           Campion, I'm not sure.  You said that you were  
23           going to invest 100 percent in the beginning, and  
24           then you were going to -- you were going to issue



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           competitive debt or is Valley Green going to do  
2           that?

3   A.     (Campion) We'd be equity partners.  So, we would  
4           both issue debt.

5   A.     (Bernstein) The Valley Green entity would issue  
6           debt.

7   A.     (Campion) Yes.  NEC would not be --

8                               *[Court reporter interruption.]*

9   **CONTINUED BY THE WITNESS:**

10  A.     (Bernstein) I said, to be clear, the Valley Green  
11           entity would issue debt.  New Energy Capital Fund  
12           would not be a borrower.

13  BY CMSR. BAILEY:

14  Q.     Right.  But they would issue the debt and pay  
15           some of the initial capital investment back right  
16           away?

17  A.     (Campion) That would be typical, yes.

18  Q.     Okay.  And do you have any idea what percentage  
19           of that you plan to do?

20  A.     (Campion) No, I really don't.  I think it will --  
21           it will probably be governed by the cash flow we  
22           have with initial build-out, the kind of debt we  
23           can support.

24  Q.     Okay.  So, if --

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) We have -- and just, sorry, we actually  
2           have a lot of enthusiastic lenders in the area,  
3           local banks, that are interested in this process  
4           and this project.  So, I think that they're  
5           anxious to be involved, if they can.

6     Q.     In the unlikely event, though, that you don't  
7           have the customer base to support repaying the  
8           debt, then would you -- how does the capital  
9           structure work?  Would you be considered  
10          100 percent equity until you issue the debt?

11    A.     (Campion) Yes.

12    Q.     Mr. Carroll, you're up next.  In your testimony,  
13           on Page 35, you use the term "natural gas  
14           feedstock".  Can you explain what you mean by  
15           that?

16    A.     (Carroll) Yes.  That's the natural gas being  
17           produced upstream of the liquefaction facility.

18    Q.     So, in Marcellus, under --

19    A.     (Carroll) Off the well.

20    Q.     Pardon me?

21    A.     (Carroll) Off the well.

22    Q.     Off the well.

23    A.     (Carroll) Correct.

24    Q.     Okay.  Earlier there was some discussion about

1           potential fixed price for 15 years.  Is that  
2           anything that you are familiar with?

3   A.    (Carroll) It may be referring to the -- sort of  
4           the liquefaction fee portion of the contract.  I  
5           mean, we kind of look at that as like the demand  
6           charge on the pipeline, right?  So, you got a  
7           fixed fee for firm transportation.  So, that's  
8           the fixed portion that's been discussed in the  
9           proposal that we have in the testimony.

10   Q.   I see.  So, the commodity price?

11   A.    (Carroll) The commodity price is floating.

12   Q.    Okay.  That's what I thought, but --

13   A.    (Carroll) Yes.  As of today.  So, well, as what's  
14           contemplated.

15   Q.    Okay.  So, if Mr. Campion were required to issue  
16           an RFP to ensure a least cost supply, would  
17           that -- how would that impact the agreement that  
18           you have with Valley Green?

19   A.    (Carroll) I guess it depends on how you look at  
20           it.  I mean, we've always tried to frame this as,  
21           you know, we're providing a service similar to a  
22           pipeline.  You know, so, you could certainly  
23           issue an RFP upstream of the pipeline and get  
24           competitive bids that way.  You know, if you're

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           talking about issuing a competitive bid for LNG  
2           service in general that a company like Distrigas  
3           can bid on, that's a little bit different.  You  
4           know, there are not that many LNG suppliers out  
5           there that offer this kind of firm service that  
6           we're talking about.

7           So, you know, like I said, that we're trying  
8           to frame this as like we're the pipeline, we're  
9           the processing company, delivering LNG.  There's  
10          an opportunity there to buy natural gas upstream  
11          of the facility.

12   Q.   And do they get a better price from you on the  
13          price of gas, because you're the "pipeline"  
14          supplier, the capacity supplier?

15   A.   (Carroll) Well, there's a reason that companies  
16          like Liberty Utilities participated in the  
17          Northeast Energy Direct Project, and that's to  
18          tap into natural gas in the Marcellus Shale  
19          region.  That's where the cheapest commodity  
20          prices are.  They, typically, basis is well below  
21          NYMEX/Henry Hub, which is, you know, a common  
22          trading point.  So, -- and well below Algonquin  
23          city gates for Tennessee Zone 6, which is sort of  
24          the gas index up here.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           So, you know, we are very confident that the  
2           commodity price in the area that we plan to build  
3           the liquefaction plant is the lowest in the  
4           country, actually.

5   Q.    But I'm talking about the cost that Valley Green  
6           will incur for the -- for your storage tanks?

7   A.    (Carroll) Sure.  I mean, you've got, yes, the  
8           liquefaction fee, you've got the cost of  
9           transportation, for, you know, the vehicle  
10          actually making a delivery.  I mean, those  
11          portions would be compared to the alternatives.

12   Q.    Would those portions be more expensive if they  
13          bought the supply from somebody else?

14   A.    (Carroll) So, I've participated in a lot of  
15          different open seasons for liquefaction plants.  
16          I can assure you that our rates are right in line  
17          with the industry standard for liquefaction fee.  
18          With transportation costs, when it was  
19          contemplated, our rates are typically lower than  
20          other LNG transport providers.  So, I was pretty  
21          confident, yes, that our rates were probably the  
22          most competitive in the market.

23   Q.    And they're not tied to the cost of the -- to the  
24          assumption that you will be the supply provider?

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[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Carroll) Well, so, I mean, our role in this, we  
2           want to be the LNG supplier, right?  So, you  
3           know, we want to build the liquefaction plant.  
4           You know, whether or not, you know, they want us  
5           to buy the natural gas from the producer  
6           upstream, or he wants to buy the natural gas --  
7           or, Valley Green wants to buy the natural gas  
8           upstream of the supplier, I don't think it makes  
9           much difference to us.  I mean, we want to  
10          process it.  We want throughput through our  
11          terminals.

12    Q.    Okay.  On Page 37 of your testimony, you talk  
13          about "Safety precautions shall be as stated by  
14          the facility's safety officer".  Who will that  
15          be?  Who is that?

16    A.    (Carroll) So, we don't currently have a name to  
17          that, that position, but we do realize that that  
18          position will be needed.  You know, it could  
19          be -- I mean, we have terminal operations today.  
20          We have many different terminals.  It could fall  
21          under that person's jurisdiction or we might --  
22          we might want to have somebody specific for this  
23          particular application.

24                 So, you know, we do have a safety officer

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           that oversees multiple terminals today.  So, it  
2           is possible that, you know, that person is  
3           already on staff right now.

4  Q.    Okay.  So, it would be a Gulf employee?

5  A.    (Carroll) Correct.  Yes.

6  Q.    All right.  Thank you.  Mr. Campion, if we  
7           approve the franchise that you're requesting,  
8           what would your title for this company -- for  
9           this utility be?  President?  Chief Executive  
10          Officer?

11 A.    (Campion) President.

12 Q.    President?  Would there be any other officers, do  
13          you think?

14 A.    (Campion) Yes.  Yes.  And you could see in our  
15          org chart that we have officers, a COO, a CFO,  
16          and a managing director, some of which I think we  
17          named.

18                   MS. BROWN:  If I can direct your  
19                   attention to Exhibit A -- I'm sorry, Exhibit D --  
20                   5-D, Bates stamped 92 through 99, and those are  
21                   the org charts, --

22                   WITNESS CAMPION:  Okay.  Great.  Thank  
23                   you.

24                   MS. BROWN:  -- in response to Staff

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           3-8. Thank you.

2                   CMSR. BAILEY:  5-D, what were the  
3           pages?

4                   MS. BROWN:  Ninety-two (92) through 99.  
5           That is the visual representation of the  
6           scenarios that you were asking about with 3-10.

7                   CMSR. BAILEY:  So, Bates Page 92 looks  
8           an awful lot like Exhibit 4, Bates Page 16 to me.  
9           Is there any difference?

10                  MR. WILLING:  I think those are the  
11           same, and the subsequent org charts are  
12           different.

13                  CMSR. BAILEY:  Okay.  So, the detail is  
14           confidential, but this Page 92 is not?

15                  MR. WILLING:  Right.

16                  CMSR. BAILEY:  Okay.

17                  MR. WILLING:  Yes.  Sorry, checking  
18           that again.

19                  CMSR. BAILEY:  Page 92 in Exhibit 5 and  
20           Page 16 in Exhibit 4?

21                  MS. BROWN:  Ninety-two (92) through 99  
22           were confidential.

23                  MR. WILLING:  Yes, it is.

24                  CMSR. BAILEY:  But look at Exhibit 4,



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1           which is not confidential, Page 16.

2                           *[Short pause.]*

3                   CHAIRMAN HONIGBERG:  Mr. Willing.

4                   MR. WILLING:  It appears to be the  
5           same.  We waive any right of confidentiality over  
6           that page.

7                   CMSR. BAILEY:  Okay.  So, then, for  
8           purposes of the record then, let's just refer to  
9           Exhibit 4, Page 16.

10  BY CMSR. BAILEY:

11  Q.    So, are you the square on the top, "Ownership  
12       Share Valley Green/NEC"?

13  A.    (Campion) Yes.

14  Q.    Is NEC an officer?  Do they have any officer  
15       functions?

16  A.    (Campion) They would be assisting in private  
17       financing and assisting the CFO.

18  Q.    But they're not going to be the CFO?

19  A.    (Campion) No.

20  Q.    So, they're not really an officer of the utility?

21  A.    (Campion) No.

22  Q.    Okay.  And, then, the CFO and the COO, they would  
23       be officers?

24  A.    (Campion) Correct.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     Okay.  So, who has the responsibility to ensure  
2             safe and reliable service?

3     A.     (Campion) Valley Green Natural Gas has the  
4             responsibility for delivering safe and reliable  
5             service, and those duties and responsibilities  
6             would fall first to the managing -- the manager  
7             and director staff as part of Valley Green, in  
8             conjunction with the functions brought forward  
9             with Gulf and TRI-MONT.

10    Q.     So, I want to know specifically where on this org  
11             chart -- I mean, do you have any responsibility  
12             for safe and reliable operation of this utility?

13    A.     (Campion) The Chief Operating Officer would have  
14             that responsibility.

15    Q.     And we don't have a Chief Operating Officer yet?

16    A.     (Campion) Not currently, no.

17    Q.     Okay.  So, who's here to testify about the safety  
18             and reliability of the utility that we -- you  
19             know, to convince us that this is going to be a  
20             safe and reliable utility?

21    A.     (Campion) Yes.  Well, I think that's partly what  
22             Ken brings to the table, that is part of -- is  
23             part of the fill out of this org chart, we're  
24             going to be bringing in staff that has the

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           credentials and qualifications.  And they will be  
2           replacing those that we put in place from  
3           TRI-MONT to begin with.

4  Q.    Okay.

5  A.    (Stanley) And just to make -- just to be a little  
6           bit clearer.  So, it's our intention that,  
7           through the design and construction oversight and  
8           initial operations and maintenance of the  
9           distribution system, that TRI-MONT would be the  
10          responsible party to ensure its safety and  
11          reliability of the distribution service.  And, in  
12          part, Gulf would have those roles and  
13          responsibilities at the onset for the storage  
14          facility.

15 Q.    Okay.

16 A.    (Stanley) And just -- I just want to clarify a  
17          little bit more --

18 Q.    I have a lot of questions for you.  So, we'll  
19          have a conversation.

20 A.    (Stanley) Oh, okay.  All right.  Then, I'll wait  
21          for those.

22 Q.    Okay.  Can you look at -- well, we kind of  
23          already talked about this, Mr. Campion,  
24          Exhibit 5, Tab E, those were the revenue

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           requirement rates per therm.  So, back to  
2           Page 103, just as an example.

3   A.     (Campion) Yes.

4   Q.     How do I -- this is the revenue requirement that  
5           you would expect for the build-out of Area B in  
6           2019?

7   A.     (Campion) Correct.

8   Q.     And, so, how do I convert that to a rate that a  
9           customer may pay for an MMBtu?  Yes.  I'm not  
10          asking this to tell me what the number would be,  
11          just how I would get there.

12  A.     (Campion) That would be Bates stamp 21.

13  Q.     In Exhibit 5?

14  A.     (Campion) Exhibit 5.  And --

15  Q.     Can you talk me through that, without talking  
16          about the numbers?

17  A.     (Campion) That chart is what -- that's the  
18          revenue chart that feeds Bates stamp Page 8.  
19          Wait a minute.

20  Q.     I don't --

21  A.     (Campion) Oh, I'm sorry.  I'm sorry.  I'm sorry,  
22          Page 9, Line 4, under "Revenue", the retail  
23          supply service.

24  Q.     Okay.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Campion) You see that?

2     Q.     Yes, I do.

3     A.     (Campion) Okay.

4     Q.     And can you show me, is the number that was  
5             produced, the average per therm rate that was  
6             produced in Tab E, is that an input to this --

7     A.     (Campion) Yes, it is.

8     Q.     -- calculation?  Where does that show up?

9     A.     (Campion) On that -- I believe it's on that other  
10            page that I mentioned, was it 10 --

11                   MS. BROWN:  103.

12                   WITNESS CAMPION:  103?

13  BY CMSR. BAILEY:

14  Q.     No, 103 is the revenue per therm number that I'm  
15           asking you to show me where that gets input into  
16           the rate calculation that produces the rate on  
17           Page 9.

18  A.     (Campion) I think that's an internal --

19                   *[Court reporter interruption.]*

20  **BY THE WITNESS:**

21  A.     (Campion) I think that's an internal calculation  
22           to the spreadsheet.

23  BY CMSR. BAILEY:

24  Q.     Okay.  All right.  Thank you.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1                   CMSR. SCOTT:  Could I interrupt before  
2                   we move on?  I'm a little bit confused.  You  
3                   referenced "Bates 21", and that seems to have the  
4                   years 2027 and 2028 on it?

5                   WITNESS CAMPION:  I'm sorry.  Bates 21.  
6                   How about Bates 26?  Bates 26.

7                   CMSR. SCOTT:  Thank you.

8                   CMSR. BAILEY:  You good?

9                   CMSR. SCOTT:  All set.

10                  CMSR. BAILEY:  Okay.

11  BY CMSR. BAILEY:

12  Q.    I think you may have answered this, but just so  
13        I'm sure that it's clear.  If Dartmouth College  
14        decides that they're only going to go with  
15        renewable and non-carbon-producing projects, can  
16        you -- can your business plan go forward and be  
17        financially viable?

18  A.    (Campion) Yes.  As a matter of fact, we didn't  
19        actually add Dartmouth to the picture until we  
20        were a couple of years into this process,  
21        because -- for two reasons.  One, because the  
22        nature of Dartmouth and their decision-making  
23        process makes it ill-advised to base any business  
24        plan on what they might or might not do.  And,

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           secondly, because our interests were really  
2           parochial.  We started with our neighbors, our  
3           most immediate neighbors, and built a business  
4           plan to support that.

5  Q.    Okay.  How about the billing?  You're going to  
6           contract somebody out to do billing?

7  A.    (Campion) Yes.  Right.

8  Q.    Will you have to develop your own billing  
9           software?

10 A.    (Campion) No.  We will not have to develop our  
11          own billing software.  We have a firm that -- a  
12          national firm that is especially good at small  
13          operations like what we would be.

14 Q.    Do they bill for any other utilities?

15 A.    (Campion) Yes.

16 Q.    Okay.  Thank you.  Now, Mr. Stanley, do you want  
17          to start with what you wanted to talk to me about  
18          or should I just --

19 A.    (Stanley) You can ask.

20 Q.    So, you're the witness who is responsible for  
21          proving that the utility will be able to operate  
22          safely and reliably?

23 A.    (Stanley) Yes.  Through the design and  
24          construction process, inspection process, we

1           would deliver a commissioned system --

2                               *[Court reporter interruption.]*

3 **BY THE WITNESS:**

4   A.     (Stanley) We would, through the design,  
5           construction, inspection process and  
6           commissioning, we would be able to meet those --  
7           that criteria, safe and reliable service, for the  
8           distribution system.

9 BY CMSR. BAILEY:

10   Q.    Okay.  Let's talk a little bit about your  
11           experience.  You're the president of the  
12           engineering -- is it an engineering consulting  
13           firm?

14   A.    (Stanley) Yes, it is.

15   Q.    Okay.  And you're the president --

16   A.    (Stanley) I am.

17   Q.    -- or the owner?

18   A.    (Stanley) I am.

19   Q.    Okay.  And what is your degree in?

20   A.    (Stanley) I don't actually have an engineering  
21           degree.  My degree is technical from the Air  
22           Force, through navigation training, technical  
23           training, and navigation, air traffic control and  
24           airfield management.



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1   Q.   And do you supervise the gas safety engineers who  
2       would be inspecting and designing and --

3   A.   (Stanley) I provide a staff that's capable of  
4       that management qualification.  And they're  
5       full-time employees.  I've been doing that for 28  
6       years of consulting services for the LDCs, for  
7       municipal gas companies and municipal light  
8       companies, and power gen companies.

9   Q.   Designing LDC distribution systems?

10  A.   (Stanley) Yes.  Not in its entirety, but,  
11       obviously, as they're built out, new mains and  
12       services, hydraulic modeling services, system  
13       evaluation, and so on.  We provide the skilled  
14       employees and professionals to be able to meet  
15       the engineering requirements to do that.

16  Q.   Have you ever worked for an LDC?

17  A.   (Stanley) As an employee?

18  Q.   Yes.

19  A.   (Stanley) No, I have not.

20  Q.   You mentioned that you've done -- or, your  
21       company has done construction, installation, and  
22       inspector services for Unitil?

23  A.   (Stanley) Yes.  We are performing construction  
24       inspection services for Unitil, on new mains and

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1 services as they're installed.

2 Q. Okay. So, you're not installing them?

3 A. (Stanley) No, we're not. We do not self-perform  
4 construction work.

5 Q. So, really, what you're going to do for Valley  
6 Green is you're going to design the system, hire  
7 somebody else to construct it, and then your  
8 workforce will make sure -- they will be the  
9 inspectors?

10 A. (Stanley) We will perform the inspection on the  
11 work that's being installed by hired qualified  
12 contractors, yes.

13 Q. And are you -- is your firm going to design the  
14 system?

15 A. (Stanley) Yes, we are.

16 Q. Who's going to establish the MAOP?

17 A. (Stanley) The MAOP will be determined once we  
18 understand the load, the distance, and pressure  
19 requirements of our end-users.

20 Q. Have you ever -- have you ever been involved in  
21 testing a new system that hasn't been on line and  
22 establishing an MAOP?

23 A. (Stanley) Yes, we have.

24 Q. Have you, personally?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Stanley) Personally, yes.  Personally oversaw  
2           the project being built, yes.  In early 2000, our  
3           best example is we were the project director,  
4           project manager, construction manager, and  
5           inspection team, and subsequently operations and  
6           maintenance team, for Mass. Municipal Wholesale  
7           Electric Company, in Ludlow, Mass.  That was a  
8           5-mile 20-inch high-pressure natural gas supply  
9           pipeline to their power plant facility.  So,  
10          understanding the load requirements of the power  
11          plant facility, the pressure requirements and  
12          flow requirements, we were able to determine the  
13          MAOP for that line, design it appropriately, and  
14          then ensure its construction met those criteria  
15          and requirements.  Subsequently to construction  
16          and commissioning, because MMWEC did not have the  
17          staff that was qualified or -- qualified or  
18          trained to operate a system, we, my company, not  
19          TRI-MONT at the time, but my team at the time, my  
20          previous company, was hired to perform the  
21          operations and maintenance services until a time,  
22          and assisted MMWEC in training their staff, so  
23          that they could then take over the system as  
24          operations and maintenance upon their own

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           facility, and then subsequently support them  
2           through elements that they don't have in-house.

3           So, it was a transitional process, through  
4           the construction, the operations, and then get  
5           their team to a point where they could operate  
6           and maintain it themselves.

7   Q.   Do you remember what the MAOP on that system was?

8   A.   (Stanley) I don't recall it off the top of my  
9           head.

10   Q.   Do you actually -- were you there for the testing  
11          of it?

12   A.   (Stanley) Yes.  The hydrostatic testing of the  
13          line, absolutely.

14   Q.   Tell me what were the features of the test?

15   A.   (Stanley) Typically, a hydro test involves  
16          filling the pipeline up with water, bring it up  
17          to a certain test pressure, and holding that  
18          pressure for a certain period of time, and  
19          charting that pressures through atmospheric  
20          pressure charts, as well as pressure charts, that  
21          meet a certain testing and time frame in which to  
22          hold that pressure test.

23   Q.   And what amount of pressure did you put in it?

24   A.   (Stanley) One and a half times its operating

1 pressure.

2 Q. Okay. Have you ever experienced an event where  
3 there was unintentional estimated gas loss great  
4 enough to qualify as an emergency?

5 A. (Stanley) We have not.

6 Q. Are you responsible for the emergency response,  
7 just the plan, not the --

8 A. (Stanley) Yes. We are responsible for developing  
9 the emergency response plan for Valley Green.

10 Q. And how do you do that?

11 A. (Stanley) Through the -- there's industry  
12 standards through Office of Pipeline Safety, the  
13 state requirements with regards to what the  
14 response times and requirements are. And we use  
15 those parameters to establish a specific layout  
16 that meets those, that criteria, and then modify  
17 it based on the facility that the owner would  
18 have. And, then, obviously, submit it to the  
19 appropriate agency for approval.

20 Q. Do you have experience with LNG facilities?

21 A. (Stanley) The LNG facilities that we have  
22 experience with, although not from greenfield or  
23 ground-up, we have worked for Distrigas of  
24 Massachusetts. We are an annual engineering

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           services provider for them.  And we support them  
2           on a number of different LNG piping  
3           facilities/storage facilities.  We also have  
4           experience at -- with National Grid's facilities  
5           in Providence, Rhode Island, associated with dike  
6           containment requirements, spill prevention  
7           requirements, as well as their facility in  
8           Exeter, Rhode Island, Tewksbury, Massachusetts,  
9           and so on.

10   Q.   Any operational?

11   A.   (Stanley) No operational.

12   Q.   Do you know how much of the load can be satisfied  
13           by ambient vaporization transferred into the  
14           pipeline?

15   A.   (Stanley) I don't have that number, no.

16   Q.   Do you know what I'm talking about?

17   A.   (Stanley) No, I'm not.  It's not clear to me.

18   Q.   So, liquid gas is cold.

19   A.   (Stanley) Correct.

20   Q.   And the vaporization -- maybe, well, of course,  
21           you're the marketing guy.  So, you're not the  
22           technical guy on this either.

23   A.   (Carroll) Yes, but, I mean, I understand the  
24           question you're asking.  I mean, there's a couple

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1           of different ways where you can regasify LNG,  
2           ambient vaporizers or you can use a water bath  
3           vaporizer.

4   Q.    Right.  But, in the summertime, you have some  
5           naturally occurring boil-off that you're going to  
6           put back into the pipe, I would assume, right?

7   A.    (Stanley) That's correct.

8   A.    (Carroll) Sure.

9   Q.    Do you have any experience with that kind of  
10          design?

11   A.   (Stanley) We understand the process of collecting  
12          boil-off and recollecting and getting it into the  
13          pipeline.  We have not done that specifically for  
14          any of our clients.  I misunderstood your  
15          question earlier.

16   Q.    Okay.

17   A.   (Stanley) But we are well equipped to handle  
18          water bath heaters, vaporization process, glycol  
19          systems and so on for vaporization support.

20   Q.    When you're designing the system, do you have an  
21          idea of what kind of control measures will be in  
22          place to verify that the vaporized LNG transfers  
23          into the pipeline will not exceed the system  
24          pressure or temperature limit?

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     A.     (Stanley) Yes.  We'll have pressure and  
2           temperature sensors on the system that safeguard  
3           overpressurization or controlling the temperature  
4           requirements.

5     Q.     And how does that work with LNG and ambient  
6           vaporization?

7     A.     (Stanley) Through a series of instrumentation  
8           that we will design through the process to --  
9           upstream of any distribution pipe within the  
10          facility.

11    A.     (Carroll) I just want to add, I think boil-off  
12          issues will not be as significant with a baseload  
13          facility, as opposed to a peak shaving facility.  
14          I mean, this facility will be operated  
15          year-round, every day.  So, there will be a lot  
16          of product that's cycling through.  So, whenever  
17          you're refilling that tank, you know, it will  
18          collapse the vapors and it should operate, I  
19          guess, a little more consistently.

20    Q.     Does it get refilled every day?

21    A.     (Carroll) Well, I mean, we could schedule it any  
22          which way that the system demands.  So, --

23    A.     (Stanley) Also, to make clear is that we would  
24          assist in the oversight of the design process,

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[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           but we will also be reliant on tank and  
2           vaporization companies that are specific to that  
3           business.  So, we would -- Valley Green would  
4           contract with them to do that installation and  
5           the specific design associated with that, and  
6           then we would oversee its performance to get the  
7           design completed and constructed on time.

8  Q.   Mr. Campion, as the president of a utility, who's  
9       reliable for safety and reliability of the  
10      citizens in the franchise area that you're asking  
11      us to grant you, are you convinced that whoever  
12      you find to operate and maintain the system is  
13      going to have the experience necessary to deal  
14      with all kinds of problems, especially when they  
15      haven't even designed it?

16  A.   (Campion) I'm a little bit unclear "dealing with  
17       problems if they haven't" -- "if they weren't the  
18       designer", is that what you're saying?

19  Q.   Well, yes.  So, they're not the designer.  
20       TRI-MONT's going to be the designer.  And someday  
21       in the future -- in the future you're going to  
22       hire somebody to operate it?

23  A.   (Campion) We'll have operations people on staff,  
24       yes.

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.     Right.

2     A.     (Campion) Yes, I am convinced we can do that.

3            Again, there would be a transition process

4            involved and that would be very important.  We'd

5            certainly be bringing -- we'd be bringing

6            technical staff in from out of the area.  And,

7            so, the vetting process would have to be -- would

8            have to be extensive to make those types of

9            commitments.  And, yes, I think we can be assured

10          of that, with the backup that we have in terms of

11          making those decisions.

12                   CMSR. BAILEY:  Okay.  Thank you.

13  BY CHAIRMAN HONIGBERG:

14  Q.     Mr. Bernstein, I see from the organizational

15          chart that the expectation is that your company

16          will have a representation on the board?

17  A.     (Bernstein) At the moment, yes.

18  Q.     Do you have an understanding at this point about

19          how that board will be run and how much -- how

20          much control you'll have over the operations of

21          the company?

22  A.     (Bernstein) It would be typical from other --

23          typical with other investments we make, where

24          there's a balance between the investor and the

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           developer or the sponsor.  You would have a  
2           series of decisions that would require unanimous  
3           consent, you'd have some others that would  
4           require majority consent.  If another investor or  
5           even a lender, depending on the characteristic of  
6           the lender, came in at some point, they could  
7           possibly join the board.

8                       But, generally, there would be standard  
9           bylaws and articles of incorporation that would  
10          govern those decisions.

11   Q.   And those articles and bylaws, they presumably,  
12          Mr. Campion, would be part of whatever filing  
13          you'd be making with the Commission?

14   A.   (Campion) That's correct.

15                       CHAIRMAN HONIGBERG:  Everything else I  
16          would have asked any of you has been answered  
17          already.

18                       So, let's go off the record for a  
19          second.

20                               *[Brief off-the-record discussion*  
21                               *ensued regarding confidential*  
22                               *information and then taking a*  
23                               *recess.]*

24                       CHAIRMAN HONIGBERG:  Oh, I'm sorry,

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

1       yes. We'll break -- well, depending on how long  
2       Mr. Speidel takes, why don't we plan on coming  
3       back at 3:30.

4               MR. SPEIDEL: Yes, that's safe.

5       **[Hearing continues in the CONFIDENTIAL SESSION]**

6                       **(Pages 229 through 234** of the  
7                       hearing transcript is contained  
8                       under separate cover designated as  
9                       **"Confidential & Proprietary".)**

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[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

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{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

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{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

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{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

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{DG 15-155} [Day 2 - REDACTED] {05-05-16}



[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

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{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL: Campion~Stanley~Carroll~Bernstein]

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[REDACTED - CONFIDENTIAL]

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

1                               *(Hearing resumes on the public*  
2                               *portion of the record following*  
3                               *the recess after the confidential*  
4                               *session, reconvening at 3:41 p.m.)*

5                               CHAIRMAN HONIGBERG:  All right.  Mr.  
6                               Willing, do you have any questions for your  
7                               witnesses on redirect?

8                               MR. WILLING:  I do, and then I'm going  
9                               to turn it over to Attorney Brown for a few more,  
10                              if that's all right.  The total is not a large  
11                              number.

12                              **REDIRECT EXAMINATION**

13  BY MR. WILLING:

14  Q.    Mr. Campion, Attorney Geiger asked a series of  
15               questions regarding Valley Green's supply of gas.  
16               So, I'm going to ask you about that.  First of  
17               all, Valley Green's supply needs are provided in  
18               the Petition at Page 3, Paragraph 6?

19  A.    (Campion) Yes.

20  Q.    Yes.  Has NG Advantage ever provided Valley Green  
21               with a quote for gas supply for those volumes?

22  A.    (Campion) No.

23  Q.    And has NG Advantage ever provided you with a  
24               quote for unbundled services, so that they could

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           meet your CNG equipment needs, if you were  
2           utilizing CNG, but you could buy the gas from any  
3           other supplier?

4   A.     (Campion) No.

5   Q.     So, they haven't provided you with a quote that's  
6           apples-to-apples with Gulf?

7   A.     (Campion) No.

8   Q.     Different topic.  I want to ask you about the  
9           zoning variance extension that Ms. Arwen  
10          referenced.  Why did the ZBA grant you that  
11          extension?

12  A.     (Campion) The ZBA was required to grant me the  
13          extension, according to the ordinance, for good  
14          cause.  And I put forward to the Zoning Board  
15          that it was not actually possible to complete the  
16          steps required to exercise the variance  
17          expeditiously enough to make it possible.  And I  
18          listed to the Zoning Board the submission  
19          requirements that the PUC has, as far as for this  
20          application, including, you know, the Petition  
21          for Approval, for extensive testimony, again,  
22          about establishing the managerial, technical, and  
23          financial and legal expertise, a detailed  
24          business plan, the physical plant, with a

1       five-year construction budget, description and  
2       documentation of financial resources, identify  
3       individuals and contractors to fill specific  
4       roles, develop a DMP plan, develop an operations  
5       and maintenance plan, an emergency response plan,  
6       public outreach plan, supply and distribution  
7       budget, leases and documents for ownership  
8       assets, how the utility would handle its  
9       seven-day storage requirements, how the utility  
10      would monitor the quality of gas, how we would --  
11      customer consumption would be measured, and how  
12      customer service and billing process would  
13      function.

14             And we had to submit as to the -- as to  
15      accounting and how they integrate with the  
16      Uniform System of Accounts for Gas Utilities,  
17      provide for a Petition for Approval of Long-Term  
18      Debt.

19             And, prior to submission, we also provided  
20      contours and grading plan, storm water discharge  
21      plan, wetlands delineation and mitigation,  
22      full-site soils testings, endangered species  
23      evaluation, wastewater discharge plan, vapor  
24      dispersion testing, flashing and jetting testing,

1           and a Phase I Environmental Assessment.

2                   And, they said "Okay.  I believe you, that  
3           you couldn't have exercised the variance in the  
4           two-year time period."  So, that's why.

5  BY MS. BROWN:

6  Q.   Mr. Campion, I just wanted to ask you a few  
7       questions relating to OCA's cross-examination of  
8       you regarding business development, if you recall  
9       that line of questioning?

10  A.   (Campion) Yes, I do.

11  Q.   What do you consider outside -- or, when you  
12       responded that you would "welcome outside help  
13       for business development", what did you have in  
14       mind?

15  A.   (Campion) Well, I was speaking specifically of  
16       assistance beyond what we already have on our  
17       team.  We have been developing jointly with Gulf  
18       on the unregulated side of the business actively  
19       for some time.  We have -- we have proposals out  
20       for the VA Hospital in Vermont that I mentioned,  
21       for an asphalt facility, and we spent a great  
22       deal of time and energy looking at how we might  
23       integrate the City's landfill gas into the  
24       system, and generated a white paper that we

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           shared with the City on that subject.

2                       So, when it came to "outside development", I  
3           was thinking that that might mean bringing in a  
4           consultant that would have a new look -- a new  
5           take on that.

6                       And, again, once we're on a deadline, I  
7           think that we would have to look at whatever  
8           forces we might have to bring to bear to make  
9           sure that we got things in line in a timely  
10          fashion.

11   Q.    Uh-huh.  Thank you.  I want to move onto a  
12          question NG Advantage had been asking you about,  
13          and your responsiveness and supplementing -- the  
14          need to supplement discovery responses in  
15          particular, providing e-mails or other  
16          documentation of contacts from other gas  
17          suppliers.  Do you remember that line of  
18          questioning?

19   A.    (Campion) Yes, I do.

20   Q.    And, so, I wanted to ask, when you were seeking  
21          gas cost information, was it solely for just the  
22          Valley Green regulated project?

23   A.    (Campion) No.  From the beginning, we saw this as  
24          a project that, again, would start on a very

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           small level, immediate customers only, and we  
2           also noted that there was a large -- a strong  
3           demand for vehicle refueling.  And this is why we  
4           put it in as part of our variance request, that  
5           we be permitted to integrate vehicle refueling in  
6           the system.  And that specifically is something  
7           that we went to a couple of vendors to talk  
8           about.  We're not really interested in being in  
9           the vehicle refueling business, but the demand is  
10          there.  And, so, we contacted -- that's one of  
11          the reasons why we contacted Clean Energy, and  
12          another company out of New York called "American  
13          Natural Gas", that do specialize in  
14          transportation gas.

15                 So, that's -- it wasn't exclusively for the  
16          regulated service.

17  Q.   And did you interpret your response to NG  
18          Advantage's request for e-mail correspondence,  
19          etcetera, to pertain solely to the regulated  
20          project?

21  A.   (Campion) No.  I thought it was -- I thought it  
22          had to do with the vehicle fueling.  That's why  
23          we had contacted them in the first place.

24  Q.   Let me reask the question.  When you were



[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           providing responses to --

2   A.     (Campion) Yes.

3   Q.     -- NG Advantage's discovery requests, were you  
4           looking for just communications pertaining to  
5           your regulated --

6   A.     (Campion) Yes.

7   Q.     -- project?

8   A.     (Campion) Yes.

9   Q.     And not for responses related to the unregulated  
10          transportation --

11   A.     (Campion) That's right.

12   Q.     Thank you.  Next question, Mr. Stanley.  You had  
13          a line of questioning from Commissioner Bailey  
14          regarding operational experience, and I just  
15          wanted to make sure that it was clear on the  
16          record.  Does TRI-MONT have relevant operational  
17          experience?

18   A.     (Stanley) Yes.  And, currently, we're operating  
19          two high-pressure natural gas systems for  
20          electric utilities -- electric power  
21          generators, --

22                               *[Court reporter interruption.]*

23   **CONTINUED BY THE WITNESS:**

24   A.     (Stanley) -- Peabody Municipal Light Department

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           and Braintree Electric Light Department.  Those  
2           facilities are natural gas-fired power generation  
3           systems.  And we are hired as the operations and  
4           maintenance services group to operate and  
5           maintain those high-pressure gas systems.  
6           They're relatively small systems, but  
7           high-pressure natural gas.  And we have the  
8           responsibility for inspection, reporting, and  
9           meeting the requirements of the operator.

10                 As well as, and to go further in my  
11           experience, you asked if I had some hands-on, I  
12           also performed, in my background, have built,  
13           designed -- oversaw the design, construction and  
14           commissioning of over 12 high-pressure metering  
15           and regulating facilities that are  
16           interconnection facilities from gas transmission  
17           to distribution, working in the capacity for the  
18           owner of the high-pressure systems, as well as  
19           working for, in the field, for the LDCs doing the  
20           inspection work, actually physically being there  
21           and not just managing the work.  So, I've had the  
22           experience of being on-site during testing,  
23           during inspection.  So, I do have that relevant  
24           experience.

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1     Q.    Thank you, Mr. Stanley.  Mr. Bernstein, I have a  
2           follow-up question to you regarding the line of  
3           questioning from Commissioner Scott.  And this  
4           pertains to least cost pricing.  And I believe  
5           your testimony was that "an RFP is of lesser  
6           value when you have access to published costs",  
7           is that fair to say?

8     A.   (Bernstein) I would say, generally, the narrower  
9           the possible array of choices are, if you know  
10          what your technology is, if you know what your  
11          commodity is, in this case, gas, then, generally,  
12          the value of the discovery of a broad RFP tends  
13          to be reduced.

14    Q.    And, if those published costs are out there, if  
15           you were to need to -- or, if a utility were to  
16           establish that it had least cost pricing,  
17           couldn't you, in lieu of an RFP, use those  
18           published costs?

19    A.    (Bernstein) You would use those as part of your  
20           evidence before a rate commission.

21    Q.    Okay.  Thank you.  Mr. Campion, I had a question.  
22           From the Bench you were asked "who was  
23           responsible for safe and reliable service?"  And  
24           I know that you responded with identifying your

[WITNESS PANEL:  Campion~Stanley~Carroll~Bernstein]

1           technical team, --

2   A.     (Campion) I'm basically responsible.

3   Q.     I guess I don't need to ask the rest of my  
4           question.

5   A.     (Campion) Yes.  Nice and simple.

6   Q.     Thank you.  Now, Mr. Campion, you were also asked  
7           a question from NG Advantage about salaries of  
8           particular employees.  Did you respond with  
9           estimated costs that would include salary --  
10          salaries in response to Staff 3-8?

11  A.     (Campion) Yes.  Those costs are included in 3-8.  
12          There's just not broken out.

13  Q.     And those costs are, in essence, your management  
14          team costs, is that correct?

15  A.     (Campion) Correct.

16                   MS. BROWN:  And, for the record, I can  
17           note that that is Exhibit 5-D, Bates stamp Pages  
18           89 through 91.

19  BY MS. BROWN:

20  Q.     Mr. Campion, last series of questions for you.  
21          You were asked from Commissioner Bailey about how  
22          to arrive at rates, and you had walked through  
23          the rate case schedules that were at Staff 3-10,  
24          and then inputs that were at Staff 1-2 and 1-7.

{DG 15-155} [Day 2 - REDACTED] {05-05-16}

[WITNESS: Evslin]

1 Do you remember that?

2 A. (Campion) Yes.

3 Q. Okay. Are you also familiar with how rate  
4 setting is done?

5 A. (Campion) Yes.

6 Q. And do you understand the concept of cost of  
7 service studies?

8 A. (Campion) Yes, I do.

9 Q. And are you aware that, in order to come up with  
10 customer rates, you have to define customer  
11 groups?

12 A. (Campion) Correct.

13 Q. And that a rate design study would assist you in  
14 coming up with those customer groups?

15 A. (Campion) Yes.

16 Q. Are you also aware that your revenue requirement,  
17 before it comes to rates, would have to go  
18 through a rate case?

19 A. (Campion) Correct. Yes.

20 MS. BROWN: And that was it. Thank  
21 you.

22 WITNESS CAMPION: Thank you.

23 CHAIRMAN HONIGBERG: All right. If we  
24 have nothing else for these gentlemen, you can

[WITNESS: Evslin]

1 return to your seats.

2 Let's go off the record for just a  
3 minute while that's happening.

4 *[Brief off-the-record discussion*  
5 *ensued.]*

6 CHAIRMAN HONIGBERG: So, we're going to  
7 proceed now with NG Advantage, try and get  
8 through the direct testimony before we break for  
9 the day.

10 If you could swear in the witness  
11 please.

12 (Whereupon **Tom Evslin** was duly  
13 sworn by the Court Reporter.)

14 CHAIRMAN HONIGBERG: Ms. Geiger, you  
15 may proceed.

16 MS. GEIGER: Thank you.

17 **TOM EVSLIN, SWORN**

18 **DIRECT EXAMINATION**

19 BY MS. GEIGER:

20 Q. Mr. Evslin, could you please state your name and  
21 spell your last name for the record.

22 A. Tom Evslin.

23 *[Court reporter interruption.]*

24 WITNESS EVSLIN: There we go. Is that

[WITNESS: Evslin]

1 better?

2 CHAIRMAN HONIGBERG: Much.

3 WITNESS EVSLIN: Okay.

4 **BY THE WITNESS:**

5 A. Tom Evslin. E-v-s-l-i-n. And I'm the CEO of NG  
6 Advantage, LLC.

7 BY MS. GEIGER:

8 Q. And, Mr. Evslin, what is NG Advantage, LLC?

9 A. We're the first company in the United States to  
10 provide regular deliveries of trucked compressed  
11 natural gas to C&I customers. We're still the  
12 largest company providing what's called a  
13 "virtual pipeline service". One of the big  
14 differences between a virtual pipeline and a  
15 physical pipeline is a virtual pipeline is not a  
16 monopoly. You know, we may wish that we were  
17 monopolies, but we're not. We live in the  
18 competitive environment, and we bid competitively  
19 for our business.

20 We also already service a gas island, one  
21 that's operated by Vermont Gas serving several  
22 large customers in the Middlebury area, where  
23 they built out their distribution network, but  
24 where their transmission network hasn't reached

[WITNESS: Evslin]

1 yet. Clean Energy Fuels is the majority owner of  
2 NG Advantage. They're the largest provider of  
3 both CNG and LNG for transportation purposes in  
4 the United States. They operate two liquefaction  
5 plants, and have off-take agreements with many  
6 others around the country.

7 We, together with Clean Energy, NG Advantage  
8 has developed technology for hybrid LNG/CNG  
9 systems that bring the advantage of LNG storage,  
10 but the low price of CNG for most of their  
11 operation.

12 Q. Mr. Evslin, did you submit prefiled testimony in  
13 this case?

14 A. I did.

15 Q. And do you have in front of you a document that's  
16 entitled the "Prefiled Direct Testimony of Tom  
17 Evslin on behalf of NG Advantage, LLC", dated  
18 "January 15th, 2016"?

19 A. Yes, I do.

20 Q. And is this the prefiled testimony that you just  
21 referred to?

22 A. Yes, it is.

23 MS. GEIGER: And, Mr. Chairman, I'd ask  
24 that Mr. Evslin's prefiled direct testimony be



[WITNESS: Evslin]

1 marked as the next exhibit?

2 CHAIRMAN HONIGBERG: That's going to be  
3 Exhibit 14 -- Exhibit 14.

4 (The document, as described, was  
5 herewith marked as **Exhibit 14** for  
6 identification.)

7 MS. GEIGER: Thank you.

8 BY MS. GEIGER:

9 Q. Mr. Evslin, do you have any corrections or  
10 updates to your prefiled testimony?

11 A. Yes, I do. One, I just want to correct a  
12 mistake. On Page 3, Line 7, where it says that  
13 "Clean Energy Advantage acquired majority  
14 ownership of us in 2016", which hadn't happened  
15 yet, that date should be changed to "2014" to be  
16 correct.

17 If I had been submitting this testimony now,  
18 in the interest of full disclosure, I would have  
19 disclosed that NGA is a respondent to an RFP  
20 issued by Liberty Utilities for a different gas  
21 island project in Keene, New Hampshire. That  
22 wasn't true at the time that we filed this  
23 testimony.

24 The other thing that's changed since this

[WITNESS: Evslin]

1 testimony is we've been through a period of  
2 extremely low oil prices. And, so, I would have  
3 testified further to what we learned about the  
4 willingness of customers to remain on natural gas  
5 in the face of low oil prices, and what relevance  
6 that might have to what we're considering here.  
7 And, so, if appropriate, I'll go into that. But  
8 that wasn't in my testimony, because it hadn't  
9 happened yet.

10 Q. Mr. Evslin, could you please elaborate on that  
11 last statement?

12 A. Sure. So, I have to be honest that we never  
13 thought that we would see oil prices at \$25 a  
14 barrel. And we were concerned of whether that  
15 would cause our customers, all of whom are dual  
16 fuel, all of whom have the ability to go back to  
17 burning oil, to go back to burning oil. In fact,  
18 it didn't. Even at the low point, for a few  
19 customers, for a few days, there were days when  
20 diesel was cheaper. But, most of the time,  
21 compressed natural gas delivered by truck was  
22 still the cheaper fuel for these customers than  
23 using diesel, partly because natural gas prices  
24 had come down, but also because of the economies,

[WITNESS: Evslin]

1 both direct and indirect, in burning a cleaner  
2 fuel.

3 Even to the small amount of time when diesel  
4 might have been more competitive, the  
5 environmental advantages of burning natural gas  
6 were enough to keep these companies on natural  
7 gas.

8 But it's important to note that we were  
9 right up against the limits of their tolerance,  
10 we were right up against the limits of that price  
11 competition. The pressure has eased up some. We  
12 heard testimony this morning that LNG, on the  
13 other hand, is still not competitive with diesel.  
14 And I don't know that directly, but I did hear  
15 that testimony this morning. And I do know that  
16 CNG is competitive with diesel at today's prices,  
17 very nicely competitive with diesel.

18 But I also know, and I think this is  
19 important to any franchise that's awarded, that  
20 one of the ways that we're able to keep prices  
21 down for large industrial customers, and this is  
22 nothing strange to those who know the pipeline  
23 industry, is by offering interruptible rates, as  
24 well as firm rates. Vermont Gas Systems, for

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1 example, does that for its large industrial  
2 customers who are located on the pipeline.

3 The reason that I'm bringing it up is that  
4 it's possible that the best design for a gas  
5 island in Lebanon would -- Lebanon/Hanover area  
6 would be one that gave those large C&I customers  
7 the option of being interruptible. We know that  
8 Dartmouth-Hitchcock, for example, has an  
9 interruptible contract for natural gas, and I  
10 believe, they're not my customer, they're my  
11 competitor's customer, I believe that they stayed  
12 on natural gas this winter. But those customers  
13 are willing to make the trade off of not having  
14 someone -- not paying the price of absolute  
15 service under any circumstance in order to have a  
16 lower overall cost.

17 Now, obviously, residential customers need  
18 to be protected, and the PUC would need to make  
19 sure that there was always sufficient backup  
20 supply for residential or small business  
21 customers. But it's quite possible, I think,  
22 that the PUC would want to allow a storage  
23 requirement in a gas island like Lebanon where  
24 large customers could elect to be interruptible,

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1       that reduces the overall storage cost, reduces  
2       the overall capital cost, and important in these  
3       times when oil prices are low, makes it possible  
4       for the price of gas to be more than competitive  
5       with the price of oil.

6               So that I think one of our learnings was  
7       that, in order to keep the large industrial  
8       customers on gas and incent them to be on gas,  
9       you have to be able to give them a choice of  
10      rates. And that choice probably has to include  
11      being interruptible, so that you can bring them  
12      gas at a price that they're going to find  
13      attractive.

14              So, these are our quick learnings from this  
15      winter. That, you know, we really have  
16      experience in this area. We have  
17      Dartmouth-Hitchcock, which is on natural gas, on  
18      an interruptible contract. We have our own  
19      customer, Pike, in West Lebanon. They have just  
20      come back up. They weren't running over the  
21      winter, because they're an asphalt plant. But  
22      they have come back, not burning diesel, but  
23      burning natural gas, because it's an advantage to  
24      them.

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1 But we are able to price aggressively, and  
2 XNG is able to price aggressively to  
3 Dartmouth-Hitchcock, because they're able to  
4 offer them an interruptible contract. So, you  
5 may want to consider that in the rate design.

6 I'm sorry for the large digression, but it's  
7 very current learning for us.

8 Q. Mr. Evslin, could you please briefly summarize NG  
9 Advantage's position regarding Valley Green's  
10 franchise request.

11 A. Yes. First of all, as I said in testimony in the  
12 other case, and I won't repeat myself, we do  
13 believe their franchise should be awarded. And  
14 we do believe that a franchise should be awarded  
15 even in the absence of the major customers  
16 signing up. I know that, when one company is  
17 applying for a franchise, it's common for  
18 companies to make contingent commitments and say  
19 "Okay, I'm going to sign up with you. But we're  
20 not going to hold you to it, if you don't get  
21 your franchise." I think it's a stretch to think  
22 that they would do that when there are two  
23 parties, that they would negotiate separately  
24 with two parties. These negotiations are

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1 arduous. It gets into competitive issues between  
2 two people who are saying "if, if, if", and can't  
3 even really make a commitment, because you don't  
4 know what conditions are going to be imposed.

5 So, I think the case is different from where  
6 there's one utility or one pipeline applying for  
7 something and goes out and signs some contracts  
8 that are dependent upon approval. I think that  
9 the companies need the op -- that a franchise  
10 should be awarded to someone, and they need the  
11 opportunity then, with that franchise in-hand, to  
12 go out and solicit to customers to make service  
13 work.

14 I'm afraid that, if that's not allowed, the  
15 results will be that we don't have a franchise,  
16 where we really could have a viable franchise,  
17 and where the Hanover/Lebanon area could get the  
18 environmental and economic advantages of natural  
19 gas.

20 We think -- and we're neutral to who gets  
21 this. We would like to be a supplier, no secret,  
22 to whoever has the gas island. But it's not up  
23 to us to select who the utilities ought to be --  
24 who the utility ought to be to whom the franchise

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1 is awarded.

2           However, we think that the Commission, in  
3           awarding the franchise, should put conditions on  
4           it to assure that there is competitive bidding  
5           for natural gas supply. Despite the testimony  
6           that you heard today, there are no published  
7           rates for delivered CNG. There are no published  
8           rates for delivered LNG. Instead, there are  
9           very, very competitive markets. And, so, the way  
10          to get a good price in the competitive market is  
11          to solicit bids, and particularly when there's  
12          the added burden of public proof that least cost  
13          has been achieved.

14          We also think it's very important that  
15          the -- that the Commission, in an order granting  
16          a franchise, make certain that the franchise is  
17          able to take advantage of both LNG and CNG. And  
18          that, yes, of course, the Commission has to  
19          enforce its rules about storage requirements, but  
20          only for those customers who require it. And,  
21          then, the utility that's built should be able to  
22          take advantage of LNG or CNG prices, whichever is  
23          cheaper.

24          Right now, and for the last few years, it's



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1       been very, very clear that, although LNG is --  
2       can be effective storage, even though there is a  
3       boil-off problem, it's more expensive to supply  
4       than CNG. And, in bids that we have been making,  
5       we recognize that fact and proposed hybrid  
6       systems where there's some LNG storage, but the  
7       LNG storage -- the LNG accepted boil-off isn't  
8       used every day, the CNG is used because it's  
9       cheaper.

10             And, so, the combination of the two can  
11       provide the best economics overall for the  
12       customers. Leaving one or the other one out of  
13       the mix is making a very long-term bet on  
14       something that can change in the short term.  
15       And, also, right now, if the system were all LNG,  
16       I think that you would find that it was also  
17       priced out of its market, and you'd be awarding a  
18       franchise that couldn't succeed.

19   Q.   Mr. Evslin, with the information that you just  
20       provided orally, if I were to ask you today the  
21       same questions that appear in your prefiled  
22       direct testimony, would your answers be the same  
23       as in the written testimony?

24   A.   Yes. The only exception to that is that I

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1 provided some quotes on retail prices of oil and  
2 propane, which I obtained at the time I did the  
3 testimony, and I haven't refreshed that. So, I  
4 don't know that my answer would be the same.

5 MS. GEIGER: And, given that caveat,  
6 Mr. Evslin is available for cross-examination.

7 CHAIRMAN HONIGBERG: All right. Thank  
8 you.

9 So, we'll be breaking now.  
10 Mr. Willing, there's two record requests for  
11 Exhibits --

12 MR. WILLING: Yes.

13 CHAIRMAN HONIGBERG: -- 11 and 12.

14 MR. WILLING: Right.

15 CHAIRMAN HONIGBERG: And you'll be  
16 providing those to everyone tomorrow.

17 MR. WILLING: Yes.

18 CHAIRMAN HONIGBERG: All right. If  
19 there's nothing else?

20 *[No verbal response.]*

21 CHAIRMAN HONIGBERG: And there doesn't  
22 appear to be anything else -- yes, Mr. Willing?

23 MR. WILLING: Just one question. Can  
24 we consider our witnesses to be excused at this

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1 point? I'd rather not bring them back tomorrow.  
2 Mr. Campion will be here, obviously.

3 CHAIRMAN HONIGBERG: I see no reason  
4 why your witnesses would need to be here again.

5 MR. WILLING: Okay.

6 CHAIRMAN HONIGBERG: All right. With  
7 that, we will adjourn for the day and see you all  
8 tomorrow morning. Thank you.

9 MR. WILLING: Thank you.

10 **(Whereupon the hearing was**  
11 **adjourned at 4:10 p.m., and the**  
12 **hearing to reconvene on May 6,**  
13 **2016, commencing at 9:00 a.m.)**  
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