



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

Docket No. DG 15-XXX

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Petition for Expansion of Franchise to the Town of Hanover and City of Lebanon, New
Hampshire

DIRECT TESTIMONY

OF

DANIEL G. SAAD

July 24, 2015

1 **I. INTRODUCTION**

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

3 A. My name is Daniel G. Saad. My business address is 15 Buttrick Road, Londonderry, NH
4 03053.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am the President of Liberty Utilities (EnergyNorth Natural Gas) Corp. (“EnergyNorth”)
7 and Liberty Utilities (Granite State Electric) Corp. (“Granite State”), together referred to
8 as “Liberty” or “the Company.” Previously, I was employed as Vice President,
9 Operations & Engineering by Liberty Energy Utilities (New Hampshire) Corp. (“Liberty
10 Energy NH”). In that capacity, I was responsible for the day-to-day operations of
11 EnergyNorth and Granite State, including all day-to-day field activities, maintenance,
12 construction, LNG/LPG, dispatch and control, and engineering.

13 **Q. On whose behalf are you testifying today?**

14 A. I am testifying on behalf of EnergyNorth.

15 **Q. Please state your educational background and professional experience.**

16 A. In 1982, I earned a Bachelor of Science degree in Mechanical Engineering from the
17 University of Massachusetts, and, in 1993, I earned a Masters of Business Administration
18 from Boston College, with a concentration in finance and operations management. From
19 1982 to 1988, I worked in various progressive engineering roles for Stone & Webster

1 Engineering Corporation in its nuclear engineering-mechanics division. From 1988 to
2 2000, I was employed by Boston Gas Company. From 2000 until the time of Liberty
3 Energy NH's acquisition of EnergyNorth and Granite State, I worked for National Grid
4 USA and its predecessor company, KeySpan Corporation, in various capacities, including
5 Vice President, Gas Operations & Construction, New England. I am also a registered
6 professional engineer, a member of the American Gas Association, a Director of the
7 Northeast Gas Association and a former director of the Energy Council of the Northeast.

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

9 A. Yes. I testified in Docket No. DG 11-040, the docket in which the Commission approved
10 the sale of Granite State and EnergyNorth to Liberty Energy NH, in Docket No. DG 14-
11 155, involving the sale of New Hampshire Gas Corporation to EnergyNorth, and in
12 Docket No. DG 14-180, the EnergyNorth distribution service rate case.

13 **Q. What is the purpose of your testimony?**

14 A. My testimony provides an overview of EnergyNorth's business plan to construct, own
15 and operate an "off pipeline" natural gas distribution system in Hanover and Lebanon,
16 New Hampshire. I will provide an explanation of how this new system fits within
17 EnergyNorth's current operations, as well as its future goals for providing gas to New
18 Hampshire customers. I will also provide testimony about the Company's managerial,
19 financial and technical capabilities. Other witnesses and the topics of their testimony
20 include:

1 Mr. William J. Clark who describes the proposed “off pipeline” distribution system and
2 the benefits that will be realized by existing and future customers;

3 Mr. Francisco C. DaFonte who discusses fuel procurement for the new distribution
4 system;

5 Mr. Richard G. MacDonald who discusses how EnergyNorth will construct and operate
6 the new system; and

7 Mr. Steven E. Mullen who discusses how the Company will determine rates and charges
8 for customers served by the new system.

9 **Q. Please provide a brief history of Liberty and its operating areas.**

10 A. Liberty Utilities purchased National Grid’s assets in New Hampshire, EnergyNorth and
11 Granite State Electric, in July 2012. Granite State Electric provides local distribution of
12 electricity to approximately 44,000 customers in New Hampshire, including the Town of
13 Hanover and City of Lebanon. EnergyNorth provides local gas distribution services to
14 approximately 90,000 customers, mainly located in the south-central region of the state.
15 EnergyNorth also has the franchise rights for the City of Berlin. See Attachment DGS-1
16 for a map showing the Company’s combined service areas. EnergyNorth has
17 interconnects with Tennessee Gas Pipeline Company on the Concord Lateral, as well as a
18 single interconnect on the Portland Natural Gas Transmission System pipeline to serve
19 the Berlin franchise. Also included in the EnergyNorth portfolio are three liquefied
20 natural gas (“LNG”) facilities and three propane facilities, which are utilized for both

1 supply and pressure enhancement, and a propane storage facility in Amherst. For more
2 information on how these facilities operate, please see the testimony of Mr. DaFonte.

3 In January 2015, EnergyNorth acquired New Hampshire Gas Company, located in
4 Keene, New Hampshire, from Iberdrola, USA. The Company now operates this entity as
5 the Keene Division of EnergyNorth under a separate tariff. The Keene Division consists
6 of approximately 1,250 customers who are supplied with a propane/air mixture through
7 approximately 30 miles of underground distribution piping, which is supplied from a
8 central fuel facility.

9 **Q. Please describe the areas to be served by this petition.**

10 A. EnergyNorth's franchise application will encompass the Town of Hanover and the City
11 of Lebanon in their entirety. Both municipalities have vibrant economies with growing
12 businesses and institutions looking for options for obtaining cleaner, more affordable
13 energy. They also have potential anchor customers that provide economies of scale. In
14 addition, EnergyNorth has infrastructure, operations, personnel and customer
15 relationships in this franchise area because of the electric distribution network provided
16 by its sister company, Granite State Electric. For more detail about the plans for
17 development of this franchise see the testimony of Mr. Clark.

1 **Q. How does an “off pipeline” natural gas system fit EnergyNorth’s growth model?**

2 A. In order to provide customers with diversified options for fuel, EnergyNorth is
3 continuously looking for ways to expand its footprint and grow its business in New
4 Hampshire. Growing EnergyNorth’s distribution system brings benefits to new customers
5 in the form of lower energy costs, to existing customers due to the spreading of fixed
6 costs over more sales volume, and to the state as a whole by attracting new business
7 development as a result of lower energy costs. EnergyNorth is developing plans to
8 expand to new franchise areas through traditional pipeline expansion, as well as to other
9 areas of New Hampshire through “off pipeline” facilities. For more detail about how an
10 “off pipeline” distribution system works and how the Company plans to utilize both LNG
11 and compressed natural gas (CNG) for the distribution system see the testimony of Mr.
12 Clark.

13 **Q. What experience does the Company have operating “off pipeline” and LNG**
14 **facilities?**

15 A. Liberty has three LNG facilities currently in operation on the EnergyNorth system which
16 have been operating successfully for decades. I personally have 25 years of gas
17 experience, including Director of LNG/LPG Operations for four states with KeySpan
18 Energy Delivery. Together, KeySpan’s facilities had approximately 9.0 billion cubic feet
19 (Bcf) of storage capacity and approximately 1.0 Bcf of vaporization capability, and 16
20 million cubic feet per day of liquefaction capability. In addition to my experience,
21 Norman Gallagher, Director of Production, Dispatch and Control, has decades of

1 experience operating, maintaining and controlling LNG facilities. Mr. Gallagher's
2 Dispatch and Emergency Control team operates from a secure facility located in Liberty's
3 Londonderry headquarters. This control room is manned 24 hours a day, seven days a
4 week. The Keene propane/air facility is monitored by this team and is wired into the
5 supervisory control and data acquisition (SCADA) system. EnergyNorth will be utilizing
6 this team and control room for monitoring of the Hanover/Lebanon system as well.

7 **Q. What facilities does Liberty currently own in Hanover or Lebanon that are used by**
8 **Granite State Electric?**

9 A. In addition to the electric distribution facilities associated with the poles and distribution
10 lines, Liberty currently owns an operations center for Granite State Electric located at 407
11 Miracle Mile in Lebanon, New Hampshire. This facility is a walk-in center, call center,
12 and is used by electric operations personnel including line workers, meter readers and
13 engineers.

14 **Q. What synergies could be realized by having Granite State Electric and EnergyNorth**
15 **operating in the same franchise towns?**

16 A. The Company envisions utilizing this facility as a combination gas/electric customer
17 service and operations center. EnergyNorth would be able to employ existing personnel
18 to perform common tasks such as meter reading, bill payment and customer service.
19 Employees would charge their time appropriately to either Granite State Electric or
20 EnergyNorth. This should result in direct benefit to existing Granite State Electric

1 customers. There would also be synergies for existing EnergyNorth customers. It is not
2 anticipated that EnergyNorth would need to hire any incremental dispatch, finance, call
3 center or senior leadership employees to accommodate these new franchise towns.
4 Therefore, these current costs would be spread among new customers of these new
5 franchise areas resulting in beneficial impact to existing EnergyNorth customers. These
6 synergies will also result in lower operating costs and lower rates for new customers in
7 Hanover and Lebanon when compared to a new, start-up company that would be required
8 to either hire full-time employees or contract with a third party for these services.

9 **Q. Please describe EnergyNorth's financial capability in so far as it pertains to this**
10 **Petition?**

11 A. EnergyNorth is a wholly owned subsidiary of Liberty Energy Utilities (New Hampshire)
12 Corp., which is itself owned by Liberty Utilities Co., which provides gas, electricity and
13 water service to 485,000 customers in ten states. Liberty Utilities Co. is owned by
14 Algonquin Power & Utilities Corp. Consequently, EnergyNorth has access to sufficient
15 capital from a strong and diversified corporate parent.

16 For the development of this new franchise area, EnergyNorth plans to finance the project
17 either through internally generated funds, and/or funds provided by its corporate parent
18 which will inject equity and/or debt into EnergyNorth.

1 **Q. Does EnergyNorth have the managerial capability to own and operate an “off**
2 **pipeline” distribution system?**

3 A. Yes, it does. As stated above, EnergyNorth currently operates the Keene Division as a
4 separate entity. That portion of EnergyNorth’s service territory is served by a propane air
5 system. Therefore, managing and operating a system that is not physically connected to a
6 pipeline is a function that Liberty has been doing successfully since it acquired the Keene
7 Division on January 2, 2015.

8 Additionally, Liberty has in place an extremely capable and experienced senior
9 management team that is well suited for this type of business expansion. Many members
10 of the management team were previously employees of National Grid who transferred to
11 Liberty when Liberty acquired EnergyNorth. Other members of the senior management
12 team were hired externally from other companies or organizations, bringing with them a
13 wealth of knowledge of the business. The team has many years of experience operating a
14 distribution utility (in addition to the experience in operating LNG facilities, which I
15 described above). A chart showing the current managerial structure is included as
16 Attachment DGS-2.

17 I became president of the Company approximately one year ago. In that time frame, we
18 have implemented several process changes that are aimed at improving the Company’s
19 performance. Those process changes have occurred in virtually every area of the

1 Company, and we are seeing some very positive results. For example, since September
2 2014, the Company has:

- 3 • Made all of its regulatory filings on time (40 – 50 filings per month);
- 4 • Improved its collections activity to reduce EnergyNorth's 60-day uncollectible
5 balance by 37%;
- 6 • Terminated the remaining Transition Service Agreements with National Grid;
- 7 • Improved its call answering service levels from 54% in September/October 2014
8 to 93% in May/June 2015;
- 9 • Increased its sales activity to achieve an annual customer growth rate of
10 approximately 1,500 and an annual dekatherm growth rate of approximately
11 620,000; and
- 12 • Implemented a Compliance Assurance Committee to review all Commission
13 rules, orders and audits to ensure follow up and compliance with all regulatory
14 requirements.

15 I mention these improvements to illustrate the fact that the management team of the
16 Company is focused on excellent performance. It is a mind-set that I have stressed in my
17 twelve months as president, and that I will continue to stress to ensure we are providing
18 top-quality service to our key constituents: our customers and the Commission. I am
19 highly confident that adding the franchise area to the Company's footprint will be done in

1 a manner that is seamless to other customers, and that will provide long-term benefits to
2 customers and the state as a whole.

3 **Q. In your opinion, would the granting of the Hanover/Lebanon franchise expansion to**
4 **EnergyNorth serve the public good?**

5 A. Yes. As explained in my testimony and the testimony of the Company's other witnesses,
6 EnergyNorth has the managerial, financial and technical ability to construct and operate
7 this system. We also have access to first-rate legal, accounting, billing, regulatory,
8 finance, engineering, operations, and other services through the corporate parent and
9 affiliated companies. This new franchise system in Hanover and Lebanon would have a
10 positive impact on current and future EnergyNorth and Granite State Electric customers
11 through multiple synergies. This expansion would greatly benefit customers of this new
12 system by offering fuel diversity, reduction in energy prices and access to energy
13 efficiency programs otherwise not available to them. This new system would also be
14 consistent with the 2014 New Hampshire State Energy Strategy. For all these reasons,
15 EnergyNorth's proposed "off pipeline" distribution network and fuel storage/delivery
16 facility is in the public good and EnergyNorth should be awarded the franchise rights for
17 Hanover and Lebanon, New Hampshire.

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

19 A. Yes, it does.