



**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 Towns of Jaffrey, Rindge, Swanzey and Winchester,
New Hampshire

DIRECT TESTIMONY

OF

WILLIAM J. CLARK

October 9, 2015

1 **I. INTRODUCTION**

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

3 A. My name is William J. Clark. My business address is 15 Buttrick Road, Londonderry,
4 NH 03053.

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

6 A. I am employed by Liberty Utilities Service Corp. (“Liberty Utilities”) as the Business
7 Development Professional. In that capacity, I am responsible for creating new business
8 opportunities for Liberty Utilities (EnergyNorth Natural Gas) Corp. (“EnergyNorth,”
9 “Liberty” or “the Company”) and Liberty Utilities (Granite State Electric) Corp.
10 (“Granite State Electric”) and working with existing customers and local, regional and
11 state officials to ensure their utility needs are being met by Liberty Utilities.

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

13 A. I am testifying on behalf of EnergyNorth.

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

15 A. I graduated from St. Anselm College in Goffstown, New Hampshire, with a Bachelor of
16 Science degree in Financial Economics in 1991. In 1992, I began my career at Boston
17 Gas Company. During this time, I was a member of the Steel Workers of America, Local
18 12007 and held various positions in gas distribution and customer service, as well as
19 being a union official. In 1998, I was employed by National Grid to start an unregulated

1 energy service subsidiary, where I worked as a Sales Account Manager until 2010. In
2 2010, when National Grid sold this business, I was employed by National Grid as a
3 Commercial Gas Sales Representative, working in EnergyNorth’s service territory. In
4 2012, I joined Liberty Utilities and progressed into my current position as the Business
5 Development Manager. In this role, I am responsible for organic growth opportunities
6 and commercial development for both EnergyNorth and Granite State Electric.

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

8 A. Yes. I testified before the New Hampshire Public Utilities Commission (the
9 “Commission”) in Docket No. DG 14-091 regarding a Special Contract and Lease
10 Agreement with Innovative Natural Gas, LLC d/b/a iNATGAS pertaining to construction
11 of a compressed natural gas facility in Concord, New Hampshire, as well as Docket No.
12 DG 14-380 regarding the Precedent Agreement between EnergyNorth and Tennessee Gas
13 Pipeline Company for capacity on the proposed Northeast Energy Direct Pipeline. I have
14 also submitted pre-filed testimony in DG 15-289, the docket where EnergyNorth is
15 requesting approval to commence business as a gas utility in Lebanon and Hanover, and
16 in DG 15-362, the docket where EnergyNorth is requesting approval to commence
17 business as a gas utility in Pelham and Windham.

18 **Q. What is the purpose of your testimony today?**

19 A. My testimony analyzes the potential to serve the towns of Rindge, Jaffrey, Swanzey and
20 Winchester, (collectively, “the Southwestern Towns”) through construction of a

1 distribution system from new taps on the proposed Northeast Energy Direct (NED)
2 Pipeline. I also discuss intended outreach Liberty Utilities will conduct within the towns
3 and a timeline of events leading up to the construction process. Finally, I discuss why the
4 Company believes granting these franchises is in the public good.

5 **Q. When did EnergyNorth begin exploring the opportunity to extend service to towns**
6 **along the NED Pipeline?**

7 A. In January 2015, Liberty Utilities acquired New Hampshire Gas Corporation, which is
8 now the Keene Division of EnergyNorth. The Keene Division is supplied by propane
9 through a propane/air distribution system. Liberty has been evaluating converting that
10 system to natural gas for some time. During this evaluation, the Route 10 and Route 12
11 corridors from Keene into Swanzey were being simultaneously reviewed for a system
12 expansion.

13 In late Fall of 2014, when the proposed route for the NED Pipeline was shifted north into
14 New Hampshire, in order to co-locate along an existing power corridor, Liberty began
15 evaluating towns along that route.

16 **Q. Had the Company received any direct inquiries from potential customers about**
17 **service in these towns?**

18 A. Yes. Inquiries were made to employees of the Keene Division by potential customers
19 along Routes 10 and 12. Also, Liberty's commercial account manager has been contacted

1 by a Walmart representative with a list of locations in New Hampshire. Walmart has a
2 national initiative to convert all stores to natural gas where available. The Walmart in
3 Rindge, New Hampshire, would be one such location.

4 **Q. What was the basis for the Company's decision to seek a franchise to serve these**
5 **towns?**

6 A. Factors that assist in determining whether to construct new, or extend existing
7 distribution systems to provide gas service include expressions of interest from the target
8 customer base, residential density, commercial base, feasibility of construction,
9 associated costs and potential non-cost benefits, such as reliability enhancements and
10 optimal capacity utilization. The towns of Rindge, Jaffrey, Swanzey and Winchester have
11 met all of these criteria. There have been inquiries regarding gas availability, initial
12 construction estimates for the Phase 1 builds have been favorable and expansion could
13 optimize capacity, as well as positively affect fixed costs associated with the Keene
14 Division. Demographic data for both towns also show clusters of residential
15 neighborhoods that would potentially allow for future expansions into those areas.

16 **Q. Based on the estimated gas load and demographic data, what is the potential for**
17 **these communities?**

18 A. These four towns have approximately 8,530 single family and multi-family residential
19 structures combined. The towns also have commercial centers that stretch along Route
20 119 in Winchester and Rindge, Route 10 in Winchester and Swanzey, Route 12 in

1 Swanzey and Route 202 in Rindge and Jaffrey. Liberty believes the availability of natural
2 gas will enhance the attractiveness of these communities to attract commercial
3 development. Over the coming years, EnergyNorth expects to have a majority of the
4 commercial corridors in these towns served by natural gas, including town buildings and
5 schools and many residential customers.

6 **Q. Has the Company identified where the initial distribution system will be installed in**
7 **each of the towns?**

8 A. Yes. In Winchester, the initial distribution system will begin along Route 119 in the
9 vicinity of the Plumb Pak Corporation (the exact location is dependent on the final
10 location of the NED Pipeline), proceed west and then turn south onto Main Street. After
11 extending south on Main Street, the distribution system will turn east onto General James
12 Reed Highway. For a map of this system, please refer to Attachment WJC-1.

13 In Swanzey, the initial distribution system will be located primarily along Routes 10 and
14 12. For a detailed map of these systems, please refer to Attachment WJC-2 and
15 Attachment WJC-3. The initial distribution systems for Rindge and Jaffrey will be along
16 Route 202 and Route 119. Please refer to Attachment WJC-4 and Attachment WJC-5 for
17 more detailed maps of the distribution system.

1 **Q. How will the distribution system in Winchester be connected to the distribution**
2 **system in Keene and Swanzey?**

3 A. The initial distribution system in Winchester will be directly connected to the NED
4 Pipeline by a new take station located in Winchester. That system will then be extended
5 north into Swanzey and connected to the Keene system through an extension of gas
6 mains in Keene along Route 10 and Route 12. At that time, the Keene Division would be
7 converted to natural gas from propane-air. Liberty is currently evaluating a conversion of
8 the Keene Division to natural gas utilizing LNG and CNG in advance of the Pipeline as
9 well as a stand-alone option should the NED Pipeline not be constructed. If the
10 economics were to justify such a conversion, Liberty would file an application with the
11 New Hampshire Public Utilities Commission to seek approval of the conversion. Such a
12 conversion could include serving Swanzey and Winchester if it would be economic to do
13 so.

14 **Q. Do these distribution line extensions conform to the existing EnergyNorth line**
15 **extension policy under the tariff?**

16 A. Yes. Under the Line Extension Policy approved by the Commission in Order No. 25,624
17 (January 24, 2014) in Docket DG 13-198, EnergyNorth utilizes six years of commercial
18 Estimated Annual Margin (also referred to as Gross Profit Margin, or “GPM”) and eight
19 years of residential GPM to determine whether an up-front payment is required from the
20 customer(s). If the estimated cost of construction is less than the sum of six times the

1 commercial GPM, plus eight times the residential GPM, no up-front payments by
2 customers are required. The direct cost for the Winchester construction, including
3 services and meters, is estimated at \$1,037,613 (see Attachment WJC-6). The direct cost
4 for the Swanzey/Keene construction, including services and meters, is estimated at
5 \$1,644,225. (See Attachment WJC-7 and Attachment WJC-8) The GPM total for these
6 distribution build outs is \$2,824,782 (See Attachment WJC-9). The direct cost for the
7 initial Rindge and Jaffrey construction, including services and meters, is estimated at
8 \$3,283,165 (See Attachment WJC-10 and Attachment WJC-11). Total potential GPM for
9 this distribution system is \$3,487,242 (See Attachment WJC-12).

10 **Q. Would any other construction be required to serve these territories?**

11 A. Yes. New interconnections will be required along the proposed NED Pipeline in
12 Winchester and Rindge. Liberty will be negotiating with Tennessee to determine cost for
13 these facilities.

14 **Q. Would these new interconnection points eventually be connected to other portions of**
15 **EnergyNorth's distribution system?**

16 A. As explained above, Liberty expects the new interconnection in Winchester to eventually
17 be connected to the Keene Division system, which would be converted from propane/air
18 to natural gas. The closest existing non-Keene EnergyNorth distribution lines to the
19 proposed Rindge interconnection would be in Milford, which is approximately 18 miles

1 away. Liberty does not envision this interconnection being connected to the existing
2 EnergyNorth system in the near future.

3 **Q. How does the Company plan to serve these towns regarding gas supply?**

4 A. The Company intends to serve these new franchise towns with supply capacity, which
5 Liberty has contracted for, and which was recently approved by the Commission in
6 Docket No. DG 14-380. Liberty will utilize this capacity consistent with its supply
7 planning under its Least Cost Integrated Resource Plan.

8 **Q. When does EnergyNorth intend to begin construction on these proposed facilities?**

9 A. Upon awarding of the franchise rights to serve the Southwestern Towns, EnergyNorth
10 will begin coordinating construction timelines with Tennessee. When Tennessee acquires
11 all required permits, Liberty will begin acquiring all required town and state permits, as
12 well as begin the sales and marketing process to sign up new customers. Currently,
13 Tennessee is estimating an “in service” date of November 2018. Liberty hopes to have
14 construction of the proposed distribution systems completed in time to receive gas
15 concurrent with Tennessee’s “in service” date.

16 **Q. Does EnergyNorth plan to serve these communities if the Northeast Energy Direct
17 Pipeline is not constructed?**

18 A. In the event that the NED Pipeline is not constructed, Liberty will evaluate the possibility
19 of serving these communities by utilizing liquefied natural gas (LNG) and compressed

1 natural gas (CNG). Currently, EnergyNorth operates the Keene Division with
2 propane/air. EnergyNorth also has pending before the Commission in Docket No. DG 15-
3 289 its request to serve Lebanon and Hanover through an LNG and CNG facility.
4 Liberty would analyze the possibility of converting the Keene system to LNG/CNG and
5 extending service south to Swanzey and Winchester. Liberty would also evaluate the
6 possibility of serving Rindge and Jaffrey with LNG and CNG. In the event the NED
7 Pipeline is delayed, Liberty would also evaluate the option of temporarily supplying these
8 communities with LNG and/or CNG service.

9 **Q. Does the Company have the managerial, technical and financial ability to operate in**
10 **these franchise areas?**

11 A. Yes. As the largest natural gas distribution utility in the state currently serving nearly
12 90,000 customers, the Company has demonstrated that it has the ability to provide safe,
13 reliable natural gas service in a diversity of municipalities across the state. The Company
14 will rely on its existing managerial, technical and financial capabilities to serve customers
15 in these communities. The Company also has significant expertise in the construction of
16 the distribution system, as demonstrated by Mr. MacDonald's testimony.

17 **Q. Will the Company need to add employees in order serve these communities?**

18 A. Not at this time. As explained in the testimony of Mr. MacDonald, Gas Operations can
19 accommodate these towns with existing personnel, due to the proximity of the Keene,
20 Manchester and Nashua operation centers. The Company will add personnel in the Keene

1 Division to support operations within these towns as the customer base increases.
2 Similarly, the Company's existing customer service, sales and marketing, energy
3 procurement and other departments can meet the needs generated by these additional
4 customers with existing resources.

5 **Q. Has EnergyNorth notified the Southwestern Towns of this franchise application?**

6 A. Yes, the Company has notified them of this filing. The Company plans to make several
7 public presentations in each town before the Boards of Selectmen and Planning Boards to
8 provide an overview of the proposal and address any issues identified by the towns in the
9 future.

10 **Q. Do you believe granting EnergyNorth gas franchise rights to these four towns is in**
11 **the public good?**

12 A. Yes. Expanding gas service to the Southwestern Towns will enable these communities to
13 have access to a cleaner, more convenient, and more cost effective fuel than is currently
14 available and will allow them to take advantage of EnergyNorth's existing energy
15 efficiency programs. In addition, the availability of natural gas may position the towns to
16 be more competitive recruiting commercial growth. This expansion is consistent with the
17 findings of New Hampshire's 10-Year State Energy Strategy, which promotes the
18 expansion of natural gas, diversity of fuel choices and increasing the availability of
19 energy efficiency programs. The Keene Division could also see significant expansion,
20 due to the addition of Swanzey and Winchester, and the conversion to a pressurized

1 natural gas system and lower commodity costs, which could have a positive impact on
2 future rates. Finally, EnergyNorth's existing customers will benefit from increased
3 capacity utilization and the ability to spread fixed costs over a larger customer base, thus
4 reducing future rate levels.

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

6 A. Yes, it does.