

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

Docket No. DG 18-XXX

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

DIRECT TESTIMONY

OF

WILLIAM J. CLARK

AND

MARK E. SALTSMAN

December 21, 2018

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1 **I. INTRODUCTION**

2 **Q. Please state your names, positions, and business addresses.**

3 A. (WJC) My name is William J. Clark and my title is Senior Director, Business
4 Development - East. My business address is 116 North Main Street, Concord, New
5 Hampshire.

6 (MES) My name is Mark Saltsman and my title is Business Development, Northeast. My
7 business address is 116 North Main Street, Concord, New Hampshire.

8 **Q. By whom are you employed?**

9 A. We are employed by Liberty Utilities Service Corp., which provides services to Liberty
10 Utilities (EnergyNorth Natural Gas) Corp. (“Liberty Utilities,” “EnergyNorth,” or “the
11 Company”) and Liberty Utilities (Granite State Electric) Corp. (“Granite State Electric”).

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

13 A. We are testifying on behalf of EnergyNorth.

14 **Q. Mr. Clark, 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. I have twenty-five years of experience
17 in the natural gas and electric utility industries with roles in Operations, Sales, Marketing,
18 and Business Development. I joined Liberty Utilities in 2012 and progressed into my
19 current position as Senior Director, Business Development – East. In this role I am
20 responsible for strategic growth and expansion opportunities for both EnergyNorth and
21 Granite State Electric.

1 **Q. Have you previously testified before the Commission?**

2 A. Yes, I have testified several times before the Commission regarding EnergyNorth's
3 various growth initiatives.

4 **Q. Mr. Saltsman, please state your educational background and professional
5 experience.**

6 A. I have a Bachelor of Science degree in Business Management from Franklin Pierce
7 College where I graduated Summa Cum Laude and was a member of the Alpha Sigma
8 Lambda National Honor Society. My educational achievements have been supplemented
9 by additional coursework at various technical schools in subjects directly related to
10 operations and maintenance of utility systems and associated equipment. Before joining
11 Liberty Utilities I had more than twenty-five years of experience serving as the Vice
12 President and General Manager of Concord Steam Corporation, a New Hampshire
13 regulated utility. My professional activities in the community include having served on
14 the Governor's energy task force to study renewable energy credit opportunities in
15 thermal energy.

16 **Q. Have you previously testified before the Commission?**

17 A. Yes, I previously testified before the Commission for various rate and other cases in my
18 capacity as Vice President and General Manager of Concord Steam Corporation.

1 **II. PURPOSE OF TESTIMONY**

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

3 A. Our testimony supports Liberty Utilities' request for approval of a franchise petition to
4 serve the Town of Epping (the "Town" or "Epping"), New Hampshire, from the proposed
5 Granite Bridge project.¹ Our testimony reviews the timeline of the expansion project, the
6 Town's Request for Proposal ("RFP") process, the engineering, financial, and commodity
7 supply analyses of the project, and why the Company believes awarding of the Epping
8 franchise to Liberty Utilities is in the public good.

9 **III. PROJECT TIMELINE AND EPPING RFP ORIGIN**

10 **Q. When did Liberty Utilities begin evaluation of an expansion into Epping?**

11 A. The Company initially identified Epping and Raymond as potential franchise areas for
12 natural gas service prior to the Granite Bridge project initiative. However, serving
13 Epping would have required an extension of the Company's existing distribution system
14 along an unserved area of Auburn and through Candia. An analysis of that route proved
15 it uneconomic due to the distance, pipe size requirements, and lack of potential customers
16 along that particular route. When Liberty Utilities began evaluating the Granite Bridge
17 project as a potential solution for its customers' capacity requirements, the Company was
18 also in the process of evaluating growth potential within its existing franchise areas and
19 potential expansion areas. Liberty Utilities hired ICF International to construct a
20 database of potential customers within our existing franchise areas, as well as potential

¹ See Docket No. DG 17-198. The Granite Bridge project comprises a 27-mile pipeline across the southeastern part of New Hampshire, including through the Town of Epping, along with a 2.0 Bcf liquefied natural gas storage facility, also to be located within the Town of Epping.

1 new franchise areas. Shortly after entering into this contract, Liberty Utilities signed a
2 contract amendment on May 17, 2016, which added the Town of Epping to the Statement
3 of Work.

4 **Q. When did Liberty Utilities begin discussions with the Town of Epping regarding**
5 **Granite Bridge and the potential to serve the community with natural gas from this**
6 **project?**

7 A. The Company made its initial presentation to Town representatives regarding the Granite
8 Bridge project and the potential to serve the community with natural gas on November
9 20, 2017. After this initial meeting, Liberty continued discussions with the Town,
10 including School Department officials, regarding potential gas franchise expansion.
11 Before and during this time period the Company also began an engineering analysis of
12 the potential infrastructure requirements for serving Epping off the Granite Bridge
13 pipeline, and performed a revenue projection analysis.

14 **Q. When did Liberty Utilities learn that Epping intended to issue an RFP to choose**
15 **which utility the Town would support for receiving the franchise rights to provide**
16 **natural gas service?**

17 A. Liberty Utilities became aware of the Town's preference for an RFP in the spring of
18 2018, and that the purpose of the RFP was for the Town to determine which utility's
19 franchise petition it would support before the Commission. Liberty Utilities agreed to
20 participate in the Town's RFP process, and communicated that the Company would abide
21 by the results of that selection process. That is, Liberty Utilities agreed to submit an
22 application for franchise expansion with the New Hampshire Public Utilities Commission

1 if selected by Epping as the preferred service provider, and not to submit an application if
2 not chosen by the Town.

3 **Q. When did the Town of Epping submit its RFP for natural gas service?**

4 A. The RFP was issued on July 17, 2018. The Town hired GES Engineers and Appraisers to
5 draft the RFP, review the submissions, and provide a comparative analysis and
6 recommendation. For a copy of the Town's RFP please refer to Attachment WJC/MES-1.

7 **Q. What were the requested components of this RFP?**

8 A. The RFP contained seven areas of focus. They were:

- 9 1). Company identification, including: name, address, organizational chart, as well as
10 counties and states where the company operates.
- 11 2). Complete company profile including operating statistics, rate structures,
12 commodity costs, O&M and administrative costs, depreciation, ROR and ROE,
13 Annual Reports, Customer Satisfaction Reports, as well as recent and projected
14 budgets.
- 15 3). Description of the proposed Epping service area.
- 16 4). Details of the design and construction of the proposed distribution system.
- 17 5). Procedures for disruption of private and public roadways, traffic control and
18 reconstruction of disrupted areas.
- 19 6). Community outreach and Marketing programs to attract customers in converting
20 to natural gas.
- 21 7). Planned and anticipated financial assistance programs to be provided by the
22 company for the cost of conversion and associated stranded costs to customers.

1 **Q. Did Liberty Utilities provide a response to the Town of Epping RFP?**

2 A. Yes. The Company responded to the RFP. The Company's response and appendices can
3 be viewed as Attachment WJC/MES-2 and Attachment WJC/MES-3, respectively.

4 **IV. OVERVIEW OF PROPOSAL TO PROVIDE SERVICE TO THE TOWN OF**
5 **EPPING**

6 **Q. Please provide an overview of the Epping Service Proposal.**

7 A. Liberty Utilities' proposal is to provide Epping's residents with natural gas service off the
8 proposed 16-inch Granite Bridge pipeline. The Company would serve the Town via an
9 interconnection with the Granite Bridge pipeline through a meter station located at the
10 LNG storage facility, which is proposed to be constructed in an abandoned quarry in
11 Epping, located west of Exit 6 and on the south side of Route 101. Connecting with the
12 Granite Bridge pipeline at this location makes service to both Epping and Raymond
13 economic, i.e., including potential customers from both Epping and Raymond renders the
14 meter station (and other capital costs) cost justified under the Company's line extension
15 policy. In addition, locating the meter station at the proposed LNG facility also makes it
16 economic to serve a greater number of Epping's residential customers overall, initially in
17 West Epping. As the Company builds out the underground distribution system along
18 Route 27 towards the commercial properties located at Exit 7, an even greater portion of
19 Epping will be able to access natural gas as a fuel option for heating and other uses.

20 **Q. Has Liberty Utilities identified specific geographic areas to be served?**

21 A. Yes. The Company identified geographic areas and has provided maps with three
22 expansion phases identified. Please see Attachment WJC/MES-4.

1 **Q. Did Liberty Utilities identify specific residential, commercial, and industrial areas or**
2 **customers expected to be included in the proposed service areas?**

3 A. Yes. Phase 1 of the distribution system would begin at the proposed gate station with a
4 directional bore under Route 101 to Holt Road. The bore location will require final
5 approval from the New Hampshire Department of Transportation. The distribution
6 system will continue north on Holt Road, passing and providing access to the Hickory
7 Hill Road and Norris Court neighborhoods. At Mill Pond Road, the system will continue
8 north to Route 27 (Pleasant Street), as well as southeast continuing on Mill Pond Road.
9 On Route 27, the system will head west and cross into Raymond, where the system will
10 turn south onto Prescott Road. This section of the system will allow access to gas supply
11 to the neighborhood in the southwest corner of Epping and commercial customers in
12 Raymond. Starting from the intersection of Mill Pond Road and Route 27 the system will
13 also head east towards Route 125. At Route 125, the system will proceed south toward
14 the Brentwood town line.

15 Phase 2 of the distribution system of the distribution system will commence from piping
16 installed during Phase 1 on Route 125 and Route 27. From the intersection of Route 27
17 and Main Street, the system will head north along Main Street toward, and will include,
18 the Epping school complex. This portion of the system includes High Street, Cate Street,
19 and Elm Street. From the intersection of Route 125 and Main Street the system will
20 extend east along Water Street to Route 125, which section also includes Mill Street.
21 From the intersection of Main Street and Route 27 heading south along Main Street, the

1 system will include a distribution main on St. Laurent Street, Church Street, Railroad
2 Avenue, and a portion of Fremont Road.

3 Phase 3 would originate at the intersection of Route 27 and Blake Road. The system
4 would continue north along Blake Road to Prescott Road. From Blake Road the system
5 would connect to Prescott Road and Old Bridge Lane. This phase of construction would
6 most likely require contributions-in-aid-of-construction (“CIACs”) from customers to
7 receive service, unless additional development occurs before construction begins. CIACs
8 are estimated to be less than \$1,500 per residential customer.

9 **Q. What is the expected timetable for construction of the Epping franchise?**

10 A. Construction for the Epping distribution system is dependent on three regulatory
11 approvals. Two approvals are those required for the Granite Bridge project from the New
12 Hampshire Public Utilities Commission (“NHPUC”) and New Hampshire Site
13 Evaluation Committee (“NHSEC”). The third approval would be NHPUC approval of
14 this franchise petition to serve the Town of Epping. In late 2017, Liberty Utilities filed
15 its request for approval of the Granite Bridge project with the NHPUC, and is planning to
16 file its NHSEC application in 2019. Construction of the Granite Bridge pipeline and the
17 Epping distribution system would be begin simultaneously. The Company expects the
18 Granite Bridge pipeline construction along with the initial phases of construction for the
19 Epping distribution system could be completed in 2022, depending on the length of
20 NHSEC review.

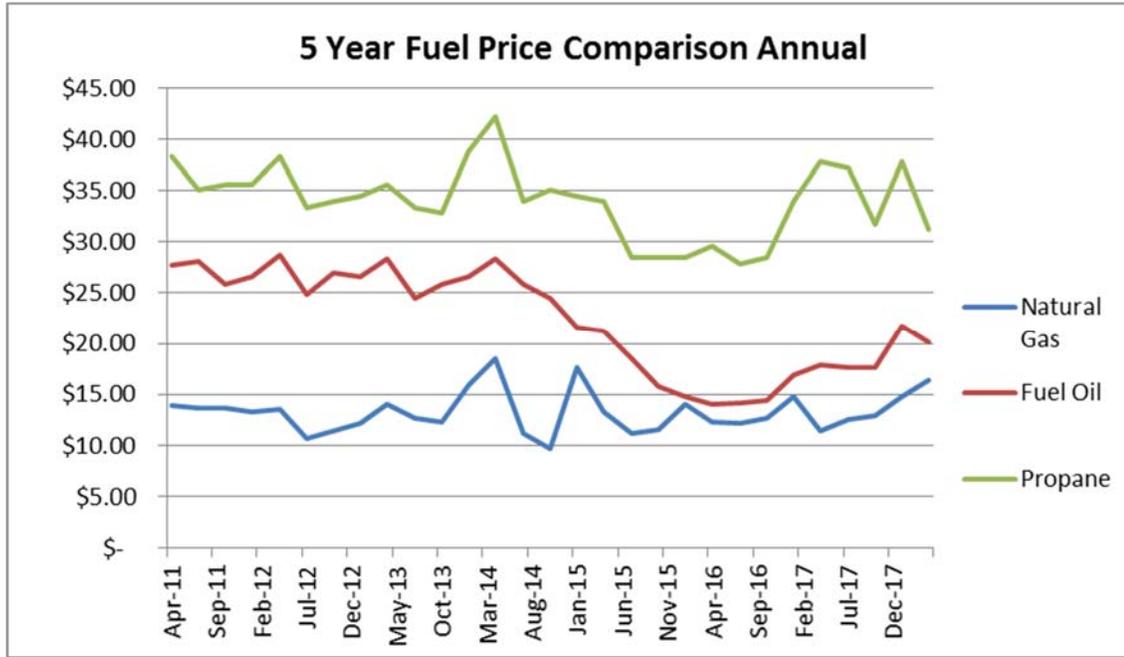
1 **Q. Does Liberty Utilities have an action plan for community outreach for marketing and**
2 **construction activities?**

3 A. Yes. Liberty Utilities believes in a local hands-on approach to community outreach and
4 building relationships with existing and potential customers. The Company's dedicated
5 sales and marketing team is located in Manchester; those employees live and work in the
6 communities we serve. They work to develop relationships with developers and
7 commercial customers, so that the Company can meet a community's natural gas needs.
8 They work with residential and commercial customers every step of the way, answering
9 questions, addressing concerns, and making sure that customers and their contractors
10 have what they need, when they need it to make a conversion or new development as
11 quick and easy as possible.

12 Liberty Utilities will utilize a marketing plan that has proven successful since the
13 Company acquired the EnergyNorth assets. Liberty Utilities utilizes a talented internal
14 marketing team capable of delivering location and customer specific templates. Current
15 marketing strategies include digital and social media, Liberty Utilities' website tools,
16 direct mailings, community and Town Hall events, and community advertising.

17 Liberty Utilities also tracks comparisons between the delivered price of natural gas versus
18 the delivered price of competing fuels such as oil and propane. Over the past seven
19 years, natural gas has been the lowest cost fuel for Liberty Utilities customers. Natural
20 gas prices include the monthly customer charge, distribution rates, and the cost of the
21 commodity. Prices for propane and fuel oil were obtained from the New Hampshire

1 Office of Strategic Initiatives (OSI). Please see chart below for a fuel price comparison
2 for the period April 2011 through December 2017.



3
4 For a comparison of a more recent 12-month total annual bills for natural gas versus fuel
5 oil and propane, please see Appendix 3.e, Sample Residential and Commercial Bills in
6 Attachment WJC/MES-3. Those total bill amounts represent standard and Managed
7 Expansion Program (“MEP”)² residential rates as well as standard and MEP rates for
8 small commercial customers. Liberty Utilities believes these rate classifications will
9 represent more than 90% of the customers served in the Town of Epping.

² MEP, or Managed Expansion Program, rates are designed for customers who otherwise would have to pay a substantial CIAC to receive service, usually because they are too far from a distribution main. Instead of having to pay a large CIAC, customers located in a designated MEP rate project pay a 30% higher distribution rate for 10 years which, in effect, spreads the CIAC over that period of time. Even under MEP rates, Liberty Utilities’ overall customer bills remain price-competitive with propane and fuel oil.

1 With regards to community outreach prior to construction activities, Liberty Utilities will
2 send notifications to property owners along the proposed route. We will then apply to the
3 Town for a road-opening permit requesting permission to dig within the right of way. A
4 pre-construction walkthrough would then be conducted by Liberty Utilities' Area
5 Supervisor, the contractor who will perform the gas line installation, and a Town
6 representative. During this walkthrough, the location of the new gas line would be
7 agreed upon by all parties and any expected traffic disruptions discussed ahead of the
8 planned construction.

9 **Q. Does Liberty Utilities plan to contribute financial assistance to incentivize customers**
10 **to convert to natural gas in the Town of Epping?**

11 A. Yes. Liberty Utilities plans to offer financial assistance through two avenues, with the
12 first being the creation of a customer conversion fund and the second through energy
13 efficiency programs. First, if awarded the franchise to serve Epping, Liberty Utilities
14 commits to create a natural gas conversion assistance fund to help reduce up-front costs
15 that customers may incur when switching to natural gas for their heating needs. Liberty
16 Utilities would allocate \$500,000 for that fund, which would be available exclusively to
17 residents of Epping. This fund would be administered by Liberty Utilities' Sales and
18 Marketing staff and various conversion incentives would be developed with input from
19 Epping officials and stakeholders. For example, the fund may be used to reduce upfront
20 costs to convert customers' existing heating equipment, purchase new equipment, and
21 help reduce or eliminate any CIACs that may be required to run natural gas mains and

1 services to customers. This fund will be paid by Liberty Utilities' shareholders, not
2 customers.

3 Second, energy efficiency is a priority for Liberty Utilities and is a key strategy for
4 building a modern and sustainable energy future. Since 2003, the Company has delivered
5 a comprehensive portfolio of energy efficiency programs to our customers in New
6 Hampshire, partnership with the other New Hampshire natural gas and electric utilities
7 under the NHSaves label. During this period, our customers have saved over 235 million
8 therms of natural gas over the life of the energy efficiency measures installed. The
9 energy savings from the programs have resulted in avoided customer costs of over \$207
10 million. Some of the ways our energy efficiency programs are helping our customers
11 include:

- 12 • Working with Home Energy Raters and private builders to incent the construction
13 of highly efficient homes using 15-20% less energy compared to a standard new
14 home.
- 15 • Incentivizing investments in air-sealing and weatherization in existing homes
16 performed by qualified private contractors to reduce homeowner's heating costs
17 by more than 15%.
- 18 • Helping income-qualified customers receive insulation, air-sealing, and other
19 weatherization work, saving them about \$350 per year on energy costs through
20 our collaboration with the New Hampshire Office of Energy and Planning's
21 Weatherization Assistance Program and the Community Action Agencies around
22 the state.

- 1 • Helping customers invest in highly efficient natural gas products, saving 10-20%
2 of the energy used if they had purchased standard models, by working with
3 equipment distributors, suppliers, and heating system contractors across the state
4 on education, incentives, and training programs.
- 5 • Helping small and large businesses and non-profit agencies identify and install
6 more efficient natural gas controls, heating and water heating equipment, as well
7 as industrial process equipment. These energy efficiency improvements are
8 implemented in partnership with private contractors throughout the state who help
9 the business sector reduce energy use and save significantly on energy bills,
10 resulting in more money being available to invest in their businesses and
11 agencies.
- 12 • Focusing special attention on energy savings opportunities with municipalities,
13 which help save energy in public buildings, reducing overall costs to taxpayers.
- 14 • Working with local financial institutions to introduce a private lending program to
15 assist customers in making energy efficiency investments and helping better
16 address the up-front cost of projects.

17 **Q. What is the anticipated customer mix of potential residential, commercial, and**
18 **industrial customers, and what is the expected period for achieving that customer**
19 **mix?**

20 A. Estimates show a residential prospect target count of 2,456 and a prospective commercial
21 count of 403 over the three expansion phases. Since the majority of the commercial
22 prospects are located along the proposed routes of the initial phases, the Company

1 anticipates a higher saturation rate within the commercial customer class initially, but
2 expects the residential count to climb as the build-out continues. Note that, of Liberty
3 Utilities' current customer count of approximately 92,044, 87% are residential customers.
4 During Phase 1 and Phase 2 identified above, based upon preliminary engineering,
5 Liberty Utilities estimates there will be a mix of regular and MEP rate structures, which
6 are not expected to require customer CIACs. Phase 3, identified above, will most likely
7 require some level of contributions from prospective customers in the form of a CIAC
8 payment.

9 **Q. What are the construction specifications and techniques to be utilized for the**
10 **infrastructure buildout?**

11 A. The construction specifications and techniques for developing the Epping franchise
12 would follow the Liberty Utilities Operations and Maintenance (O&M) manual, which
13 incorporates all local, state, and federal regulations. This O&M manual is updated on
14 April 1 of each year. Subject matter experts within the Company ensure that any changes
15 are consistent with all local, state, and federal guidelines. All internal Liberty Utilities'
16 crews and all external contractor crews performing work on our system are required to
17 follow the procedures stated in the Liberty Utilities' O&M manual. Topics include
18 material specifications, design of pipelines, weld processes, joining material other than by
19 welding, construction requirements for mains and transmission lines, customer meters
20 and service lines, corrosion control, test requirements, uprating, etc. Prior to
21 implementing any changes to the O&M manual, all internal and external crews are

1 required to go through an annual training, which encompasses existing and changed
2 processes, as well as manual navigation.

3 The preliminary engineering design performed by Liberty Utilities calls for the
4 installation of HDPE 4710 SDR 9, with a maximum allowable operating pressure
5 (“MAOP”) of 124 PSIG. Sizes will vary from 2” IPS to 12” IPS. Please refer to
6 Attachment WJC/MES-4, which includes specific pipe sizing for each segment of the
7 project.

8 **Q. What are the construction, traffic control, and restoration procedures that are
9 anticipated for the Epping franchise project?**

10 A. Liberty Utilities will begin construction of a new distribution main once a state or local
11 permit is granted. The Company will first complete the distribution main and then it will
12 begin the work of installing service connections to individual customers. Traffic control
13 is set up on site each day to comply with the U.S Department of Transportation’s Manual
14 on Uniform Traffic Control Devices (MUTCD). Depending on Epping’s requirements,
15 typically there will be a flagger or police officer on site to assist with traffic control.
16 Temporary restoration is performed each day over the new natural gas line using a layer
17 of sand, then soil, then 12 inches of gravel, and completed with four inches of pavement.
18 Throughout the entire project Liberty Utilities will have a qualified inspector on site to
19 ensure that all requirements are being met during construction. After construction of the
20 mains and service lines are complete, final restoration of the impacted areas begins.
21 Areas off pavement, including work within and outside the right of way, are restored
22 using loam and seed. Within roadways, and depending on local requirements, Liberty

1 Utilities will either restore the impacted roadway using a “one-foot cut back” or through
2 grind and inlay” process.

3 Under the “one-foot cut back” process, the Company waits 30 days after temporary
4 pavement has settled, and then the Company peels and removes existing asphalt one foot
5 on either side of the trench (a natural gas trench is typically two feet wide). The
6 Company then installs a layer of binder pavement, followed by a layer of top pavement in
7 the 4 foot wide area.

8 Under the “grind and inlay” process, the Company lets the temporary restoration set
9 through an entire winter before coming back to remove the temporary pavement and fully
10 restore the trench the following year. This allows the trench to go through a freeze/thaw
11 cycle, which enhances the durability of the restored pavement. The following spring
12 Liberty Utilities grinds 1.5 inches off the top of the asphalt two feet on either side of the
13 trench, and then installs 1.5 inches of top course pavement where the 1.5 inches was just
14 removed.

15 Once all restoration within and outside the right of way is complete, a Liberty Utilities
16 inspector will visit the project to ensure that restoration was completed to the Company’s
17 and the locality’s standards.

18 **Q. Have construction estimates been developed based on these construction standards?**

19 A. Yes. Liberty Utilities’ Engineering Department conducted a thorough analysis and
20 completed an estimate for the Phase 1 backbone system of approximately 49,000 feet of
21 new main. This analysis was based on the most recent contractor pricing for recently

1 completed projects. This estimate includes a single meter station from the Granite Bridge
2 pipeline to be located at the LNG Facility in Epping as described above. For a detailed
3 map of this route please refer to Attachment WJC/MES-4. The direct cost for this
4 infrastructure buildout is estimated to be \$4,637,215. See Attachment WJC/MES-5.

5 **Q. Has a DCF analysis been developed based on expected construction costs and**
6 **anticipated revenues?**

7 A. Yes. Liberty Utilities prepared a discounted cash flow (“DCF”) analysis with a 10-year
8 Net Present Value (NPV) consistent with EnergyNorth’s tariff. The DCF analysis
9 utilized the construction cost estimate referenced above and was calculated, first, with
10 standard rate structures, and then calculated again with MEP rate structures. Use of the
11 standard rates resulted in a positive 10-year NPV of \$324,944. When the MEP rate
12 structures were utilized, the 10-year NPV resulted in a positive value of \$1,555,123. A
13 copy of these DCF analyses are included as Attachment WJC/MES-6.

14 **Q. How were anticipated revenues identified?**

15 A. For the purpose of the DCF analyses, the Company only accounted for those customers
16 who are currently utilizing propane for their energy needs, because they have an
17 extremely high probability of converting to natural gas. Revenues built into the DCF
18 model are only for those 59 commercial customers. While natural gas service will be
19 available to all potential customers along the proposed route, residential and commercial,
20 the Company took a conservative approach by only including propane customers in this
21 analysis. For a list of those potential customers and their expected revenues, please see
22 Confidential Attachment WJC/MES-7. Distribution revenues for those customers were

1 based on comparisons to similar customers, or comparisons to some of the same
2 commercial customers that are currently receiving natural gas service from Liberty
3 Utilities in existing franchise towns (e.g, a particular fast food restaurant in Epping will
4 likely use the same amount of gas as the same restaurant that the Company already serves
5 in Concord). Distribution revenues were based on Liberty's current rate structures and
6 Return on Equity (ROE). For a copy of these rate structures and distribution calculations,
7 please refer to Attachment WJC/MES-8.

8 **V. RFP RESULTS**

9 **Q. Did the Town of Epping receive RFP responses from companies other than Liberty**
10 **Utilities?**

11 A. Yes. Liberty is aware that Northern Utilities also responded to the Epping RFP.

12 **Q. Has the Town of Epping reviewed the RFPs that were submitted?**

13 A. Yes. As stated above, the Town hired GES Engineers and Appraisers to perform a
14 comparative analysis of the RFP responses and to provide a recommendation for natural
15 gas service. The GES report was submitted to the Town in October 2018 and is provided
16 as Attachment WJC/MES-9.

17 **Q. What did GES recommend, and what action did the Town of Epping take in response**
18 **to the recommendation?**

19 A. GES recommended that Epping select Liberty Utilities as its preferred provider of natural
20 gas service. After a review of the GES comparative analysis, the Epping Board of
21 Selectmen voted on November 8, 2018, to express to the Commission the Town's

1 preference for the Liberty proposal and to ask that the Commission suspend the Northern
2 Utilities petition to allow Liberty Utilities the opportunity to submit its own franchise
3 petition. *See* Testimony of George E. Sansoucy, P.E. and Testimony of Adam Munguia,
4 filed in Docket No DG 18-094 on December 3, 2018.³

5 **Q. Does Liberty Utilities have the “managerial, financial, and technical ability” to**
6 **operate as a public utility in Epping?**

7 A. Yes, we believe that Liberty Utilities satisfies the standard for granting a new franchise
8 under RSA 374:22 and 26 because it possesses the managerial, financial, and technical
9 ability to successfully serve customers in Epping, as the Commission has found in several
10 recent orders.

11 In Docket No. DG 16-852, the Commission granted the Company the right to provide
12 natural gas service in Hanover and Lebanon. *See* Order No. 26,109 at 21 (Mar. 5, 2018)
13 (“We find that, with the conditions imposed above, Liberty possesses the financial,
14 managerial, and technical expertise to successfully serve customers in Hanover and
15 Lebanon, as demonstrated by its ongoing operations in other parts of New Hampshire”).

16 In Docket No. DG 15-362, the Commission granted Liberty Utilities the franchise right to
17 serve customers in Windham and Pelham, finding “that Liberty possesses the financial,
18 managerial, and operational resources to successfully serve customers in Pelham and

³ <https://www.puc.nh.gov/Regulatory/Docketbk/2018/18-094.html>, Tab 16 of the Commission’s Docket Book.

1 Windham, as demonstrated by its ongoing operations in other parts of New Hampshire.”
2 Order No. 25,987 at 12 (Feb. 8, 2017).

3 In addition, in Docket No. DG 14-155, the Commission applied a similar standard in
4 approving the Company’s acquisition of New Hampshire Gas, finding “no basis in the
5 record to question EnergyNorth’s ability to operate NH Gas.” Order No. 25,736 at 7
6 (Nov. 21, 2014).

7 **VI. CONCLUSION**

8 **Q. Do you believe it is the public good for the Commission to award the Epping franchise**
9 **to Liberty Utilities?**

10 A. Yes. In addition to meeting the standard above, there are other factors supporting a
11 finding that awarding the Epping franchise to Liberty Utilities is for the “public good.”
12 RSA 374:26.

- 13 • Liberty Utilities will be operating the Granite Bridge pipeline and LNG facility,
14 both of which will be located within the Town of Epping.
- 15 • Results of a DCF analysis, using conservative revenue projections and reasonable
16 cost estimates, indicate the expansion would have a beneficial impact on rates for
17 existing customers.
- 18 • Expansion of the Company’s natural gas franchise to Epping will bring
19 availability of Liberty Utilities’ award winning energy efficiency programs.
- 20 • The proposed expansion is expected to serve a significant number of commercial
21 and residential customers in both Epping and West Epping who are currently

1 using propane and who should realize substantial energy savings after converting
2 to natural gas.

3 • The Town went through a robust RFP process and selected Liberty Utilities as its
4 preferred natural gas provider.

5 • Expansion of Liberty Utilities' service territory will not have an adverse effect on
6 gas supply. In fact, with completion of the Granite Bridge project, an expansion
7 to Epping will have a positive effect on gas supply costs for existing customers.

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

9 A. Yes.

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