

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DOCKET NO. DG 21-___

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.
D/B/A LIBERTY

**Petition for Approval of a Firm Transportation Agreement
with Tennessee Gas Pipeline Company, LLC**

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (“Liberty” or the “Company”) hereby petitions the New Hampshire Public Utilities Commission (the “Commission”) pursuant to RSA 374:1, 374:2, and 378:7 for approval of a firm transportation agreement with Tennessee Gas Pipeline Company, LLC (“TGP”), including a determination that the Company’s decision to enter into the agreement was prudent and reasonable.

In support of this petition, the Company states as follows:

Introduction

1. By this Petition and the accompanying pre-filed *Direct Testimony of Francisco C. DaFonte and William R. Killeen* (the “DaFonte-Killeen Testimony”), the Company seeks approval of a 20-year contract with TGP executed by the parties on July 14, 2020, by which the Company purchased, on a firm basis, 40,000 Dth per day of capacity on the TGP-owned Concord Lateral from the Dracut, Massachusetts, receipt point to the Londonderry, New Hampshire, delivery point (the “TGP Contract”). A copy of the TGP Contract is provided as Attachment FCD-WRK-1 to the DaFonte-Killeen Testimony.

2. The legal standard governing this request for approval is whether the TGP Contract is “reasonable and prudent.” The Commission has stated:

We must consider whether the Precedent Agreement is prudent and reasonable. RSA 374:1 and 374:2 (public utilities shall provide reasonably safe and adequate service at “just and reasonable” rates), and 378:7 (rates collected by a public utility for services rendered or to be rendered must be just and reasonable).

Order No. 25,822 at 25 (Oct. 2, 2015) (order approving Liberty’s contract with TGP for capacity on the proposed NED project).

3. As explained in the DaFonte-Killeen Testimony, the Company needs additional capacity to reliably meet existing and future customer load requirements in its service area, and the TGP Contract is prudent and reasonable because is the least cost resource to meet those capacity needs.

4. The Company seeks final Commission approval by September 1, 2021, which is prior to the TGP Contract’s effective date of November 1, 2021.¹

Background

5. In its order approving the precedent agreement with TGP on the Northeast Energy Direct (“NED”) project, the Commission acknowledged Liberty’s need for additional pipeline capacity and thus approved a contract with up to 115,000 Dth/day of capacity (including 50,000 Dth/day that was intended to replace the Company’s existing capacity to Dracut, and 65,000 Dth/day as an

¹ Liberty must exercise its “regulatory out” provision by July 31, 2022; this Revenue Reduction Option Provision is set forth in Exhibit B of the contract and allows the Company to reduce the contract total quantity (“TQ”) to zero for starting with the second year of the contract, allowing the Company to avoid financial responsibility for all but the first year of the contract. Should the Commission not approve the contract, a Commission order by September 1, 2021, would afford the Company time to determine how best to mitigate costs over the 2021-2022 winter period, during which time Liberty must take service prior to exercising its right to terminate the agreement before the 2022-2023 winter period.

incremental increase in the Company's portfolio).² Order No. 25,822. However, TGP cancelled the NED project in May 2016, leaving Liberty without a solution to its impending capacity shortfall.

6. After cancellation of the NED project, the Company evaluated the remaining capacity alternatives and identified two viable options. The first option was to enter into a contract with TGP for an expansion of the Concord Lateral, which is the TGP-owned transmission line that travels from Dracut, Massachusetts, to Concord, New Hampshire, and the only existing transmission line that can serve Liberty's distribution system. The Concord Lateral was fully subscribed at the time, and such a contract would have required TGP to build new facilities to serve the Company's capacity need. The second option was for Liberty to build its own pipeline to provide the additional capacity, and was the option pursued by the Company because initial estimates showed it to be the least cost alternative as compared to indicative pricing at the time from TGP to build the new facilities to serve the Company's capacity need (the "TGP indicative pricing"). This option became known as the Granite Bridge project.

7. Estimates for the Granite Bridge project remained lower than TGP's indicative pricing from the inception of the Granite Bridge project (in the 2016 – 2017 time period) and through several years of progressively more advanced planning (into mid-2019). Thus, the Company continued throughout that period to refine the Granite Bridge engineering and resulting price estimates. The Company also continued to engage with TGP.

² The Commission Staff again acknowledged this circumstance in the Granite Bridge matter, Docket No. DG 17-198, stating: "[W]e nevertheless do find sound the Company's conclusion that its needs for the next five years require additional capacity to support its gas-supply requirements. *Specifically, we find increased pipeline capacity to be necessary*" Revised Testimony of The Liberty Consulting Group on behalf of Staff, filed September 20, 2019, at Bates 010 (emphasis added).

8. In May 2019, TGP provided lower price estimates for capacity on the Concord Lateral that for the first time indicated that a contract with TGP may be achievable at a substantially lower cost. TGP's pricing suggested it was making existing capacity available to Liberty that had previously been held by another customer on the Concord Lateral. Thus, an agreement with TGP for additional capacity would no longer require TGP to construct new facilities, and therefore resulted in lower indicative pricing. The Company continued discussions with TGP to explore this option, although the Granite Bridge project continued to be the least cost alternative.

9. In October 2019, TGP provided further revised pricing that was significantly lower than prior estimates, and for the first time indicated that a capacity contract with TGP would be at a lower cost than the Granite Bridge project. The Company thus suspended Granite Bridge activities and focused on negotiating the lowest possible cost and best delivery terms for an agreement with TGP. These talks culminated in the TGP Contract that the Company now presents to the Commission for approval.

10. The additional 40,000 Dth/day in capacity under the TGP Contract will alleviate the pressure that the Company's customer growth has placed on the existing capacity portfolio. Due to the substantial load growth described in the DaFonte-Killeen Testimony, the Company currently must rely on extensive trucking of LNG and the full nameplate capability of its propane facilities in order to meet design day demand. Such reliance is not appropriate for the long term. The new capacity provided by the TGP Contract will allow for a more sustainable level of LNG trucking and a more reasonable measure of the quantity of propane that could be dispatched during a cold snap.

11. For the reasons set forth in this Petition and in the DaFonte-Killeen Testimony, the TGP Contract is reasonable and prudent and should be approved by the Commission.

WHEREFORE, Liberty respectfully requests that the Commission:

- A. Open a proceeding to conduct a review of this matter and determine that Liberty's decision to enter into the TGP Contract was reasonable and prudent, and that the TGP Contract is approved;
- B. Complete the review and issue a final order no later than September 1, 2021; and
- C. Grant such other relief as is just and reasonable and consistent with the public interest.

Respectfully submitted,
Liberty Utilities (EnergyNorth Natural Gas) Corp.
d/b/a Liberty
By its Attorney,



Date: January 20, 2021

By: _____
Michael J. Sheehan, Esq. #6590
116 North Main Street
Concord, NH 03301
Telephone (603) 724-2135
Michael.Sheehan@libertyutilites.com



By: _____
Daniel P. Venora, Esq. #269522
Jessica Buno Ralston, Esq. #269115
Keegan Werlin LLP
99 High Street, Suite 2900
Boston, MA 02110
(617) 951-1400
dvenora@keeganwerlin.com
jralston@keeganwerlin.com

Certificate of Service

I certify that on January 20, 2021, a copy of this petition has been electronically forwarded to the Office of the Consumer Advocate.

A handwritten signature in black ink, appearing to read "M. Sheehan", written in a cursive style.

Michael J. Sheehan