Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty

DG 21-127
Petition to Approve Special Contract with Granite Ridge Energy, LLC

New Hampshire Public Utilities Commission Record Requests - Set 1

Date Request Received: 11/9/21	Date of Response: 11/19/21
Request No. PUC RR 1-1	Respondent: Deborah Gilbertson

REQUEST:

Pursuant to the Settlement Agreement approved by Order No. 23,657 (March 22, 2001), the Company is required to apply 1.75 percent of any revenues collected under the Transportation Agreement to the Company's deferred account for environmental remediation of manufactured gas during any year in which there remains an unrecovered balance in such account.

a. For each of the last five years, provide a record of the year-end balance of any deferred account(s) relating to environmental remediation of manufactured gas.
b. For each of the last five years, provide a record of any revenues collected under the Transportation Agreement that were applied to a deferred account relating to environmental remediation of manufactured gas.
c. Does the Company take a position on an ongoing requirement to apply 1.75 percent of any revenues collected under the Transportation Agreement to an account for environmental remediation of manufactured gas?

RESPONSE:

a. Deferral account 8840-2-0000-10-1920-1863 is used to record spend and recoveries associated with environmental remediation. Prior to Aug 2019, this account also included cash flow reserves so year-end balances are higher. Year-end balances are shown below:

   2020: $6,820,206.44

   2019: $8,202,208.68

   2018: $23,219,828.14

   2017: $27,075096.54

   2016: $23,488,007.59

b. The Transportation Agreement revenues included in the deferral account balances above are as follows:

   2020: $15,364.26

   2019: $15,077.31

2018: $14,771.94

2017: $14,552.46

2016: $14,362.77

c. The Company's position is that there should not be a future requirement to contribute toward environmental remediation. This 1.75% charge was a component of a separately negotiated settlement agreement arising from the circumstances present at that time. A component of the LDAC collects funds to pay for such remediation and the LDAC recovers that MGP charge from all firm and transportation customers, so the Company will collect Granite Ridge's share of the MGP costs through the LDAC.

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Date Request Received: 11/9/21	Date of Response: 11/19/21
Request No. PUC RR 1-2	Respondent: Deborah Gilbertson

REQUEST:

The Direct Testimony of William Killeen, June 25, 2021, at Bates 7 and 9, Mr. Killeen asserts that the existing contract does not allow Liberty to tap into the Londonderry Lateral, and that AES was to be the sole customer. Order No. 23,657 is premised on "sufficient evidence that, while AES will be the only customer initially served by this line, other customers may also be served in the future." Order No. 23,657 at 22 (March 22, 2001). The underlying original transportation agreement approved by Order No. 23,657 also contains the following provision:

"It is agreed by the Parties that the price payable hereunder is intended to compensate EnergyNorth for construction of the Pipeline facilities and that such Pipeline will be used solely to serve the Facility. If, at any time during the term of this Agreement, EnergyNorth wishes to use the Pipeline to provide service to another customer, EnergyNorth shall first obtain the agreement of AES, which agreement shall not be unreasonably withheld, provided that such service does not cause any adverse effect on AES." Transportation Agreement appended to Petition in Docket No. DG 00-145 at 14.

a. Is there any additional information the Commission should be aware of to substantiate Mr. Killeen's assertion that Liberty is unable to tap into the Londonderry Lateral under the terms of the existing special contract?
b. At any time in the past 7 years, has the Company sought Granite Ridge's agreement to connect new facilities to the Londonderry Lateral in order to improve service generally or to directly serve new specific customers?
c. With reference to question 2b above, if answered in the affirmative, did Granite Ridge withhold its agreement?
d. Describe the amount of capacity the Company expects to be able to utilize on the Londonderry Lateral if the proposed Special Contract is approved.

RESPONSE:

a. While this language does not preclude the Company from tapping into the Londonderry Lateral for itself or another customer, there are two issues that would preclude or at least make it difficult to do so.

The first issue is that AES (now Granite Ridge) is the Meter Operator at the interconnect between Tennessee's Concord Lateral and the Londonderry Lateral. As the Meter Operator, Granite Ridge is solely responsible for confirming all gas supplies to the Londonderry meter as well as managing any imbalances at that meter directly with Tennessee. Adding another Liberty customer to the Londonderry Lateral would create a situation whereby Granite Ridge would be responsible for approving that customer's gas supply nominations and any imbalance penalties that may be directly attributable to that customer. That is not a role Granite Ridge should play for a Liberty customer.

The second issue is that the intention of the GTA pricing is to have Granite Ridge compensate the Company for the full construction cost of the pipeline facilities. As such, any Liberty customer added to the Londonderry Lateral would have to pay for service on the lateral to compensate Granite Ridge since Granite Ridge is paying 100% of the cost of the lateral service. Such an arrangement would require a renegotiation or amendment of the initial GTA which, although permissible under the original agreement, was never undertaken for the reasons stated here.

Third, no customer has ever requested service on the Londonderry Lateral, thus there was never a need to modify the former agreement to allow for such a customer connection. And since the original contract has expired and given the other benefits of the renegotiated contract,, the Company believes that entering into a new GTA would provide the ability to tap into the Lateral without the complicating factors previously discussed.

b. The Company has never sought Granite Ridge's agreement to connect new facilities to the Londonderry Lateral as it had no customers that required service off of the Lateral nor was there any firm capacity on the Concord Lateral available to the Londonderry meter should a customer have requested such service.

c. Not applicable.

d. The Company expects to use approximately 35,000 Dth of capacity on the Londonderry Lateral once all on-system enhancements are completed to the Manchester and Nashua distribution systems. This volume will increase as the Company's distribution system demands in Manchester and Nashua increase over time.

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Date Request Received: 11/9/21
Request No. PUC RR 1-3

Date of Response: 11/19/21
Respondent: Deborah Gilbertson

REQUEST:

Provide a record showing the total amount of undepreciated capital costs the Company currently carries on its books related to the construction and maintenance of the Londonderry Lateral Pipeline.

RESPONSE:

Please find below the asset detail for the Londonderry Lateral Pipeline, including total asset cost, life-to-date depreciation, and current net book value.

Asset ID: 8840-9426204
Cost Basis: $7,136,379.72
LTD Depreciation: $2,667,811.99
Net Book Value (undepreciated)**:** $4,468,567.73

Date Added	Asset ID	Asset ID Suffix	Asset Description	Extended Asset Description	Asset Class ID	Location ID
2/7/2012	8840-9426204	1	ST-16.00"	ST-16.00"	8840-3670	LONDONDERRY

Cost Basis	LTD Depreciation Amount	Net Book Value	YTD Depreciation Amount	Periodic Depreciation Rate	Salvage Value	Place in Service Date
7,136,379.72	2,667,811.99	4,468,567.73	114,182.10	11,418.20	0.00	9/14/2001

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New Hampshire Public Utilities Commission Record Requests - Set 1

Date Request Received: 11/9/21
Request No. PUC RR 1-4

Date of Response: 11/19/21
Respondent: Deborah Gilbertson

REQUEST:

Will there be any increase in cost or expense to the Company attributable to it becoming the "meter operator" at the existing TGP meter station in Londonderry?

RESPONSE:

No. The new GTA ensures that Granite Ridge Energy, as operator of the Granite Ridge facility, will incur all costs associated with its nominations and balancing requirements on the Tennessee system while allowing Liberty to assume the designation of Meter Operator at the Londonderry/Granite Ridge meter.