

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DG 22-045

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP. d/b/a LIBERTY

Winter 2022/2023 Cost of Gas and Summer 2023 Cost of Gas

Supplemental Petition to Recover RDAF Reconciliation and Gas Holder Costs

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty, through counsel, and pursuant to Order No. 26,692 (Sept. 29, 2022), respectfully files this supplemental petition for approval to recover the RDAF reconciliation and gas holder costs that were included in the August 2, 2022, filing in this docket and which the Order severed into a separate schedule to allow for additional time to review.

Note that the amount of the RDAF reconciliation has been adjusted since the original August 1 filing, and that the amount of the gas holder costs for which Liberty seeks recovery at this time remains the same. Also note that in this filing Liberty seeks Commission approval to contribute additional funds toward the stabilization of the gas holder, subject to prudence review at a future hearing, which costs represent savings to customers because the amount contributed toward the stabilization of the gas holder will be less than the costs Liberty would otherwise incur to demolish the gas holder and conduct the required environmental investigation and remediation.

In support of this motion, Liberty represents as follows:

Revenue Decoupling Adjustment Factor

1. Liberty's August 2, 2022, filing in this docket included a request to recover approximately \$4.4 million for the reconciliation of the Company's decoupling mechanism for the period September 1, 2021, through August 31, 2022, which amount is collected (or refunded) through the Revenue Decoupling Adjustment Factor ("RDAF"). That figure was revised to approximately \$2.8M in the filing on October 7, 2022, to reflect the removal of the cumulative prior uncollected balance at August 31, 2021, and updated actuals through August 31, 2022.
2. The revised amount for which Liberty seeks recovery is \$2,783,768. Liberty proposes to collect this amount over 12 months, beginning November 1, 2023.
3. Attachment 1 to this filing is a Technical Statement of Craig Holden, with supporting schedules, that support the revised RDAF amount, give the reasons for the changes from the initial filing, and calculates the appropriate RDAF rate that will be collected through the Local Distribution Adjustment Charge ("LDAC").

Gas Holder Costs

4. Order No. 26,692, also severed into a new schedule the costs that Liberty contributed toward the stabilization of the gas holder building in Concord ("Gas Holder") through the summer of 2022. These costs are of a different character than those typically incurred to remedy the contamination at the Company's legacy manufactured gas sites, and thus were an appropriate candidate for a relaxed schedule to afford the parties and the Commission more time to evaluate. The rationale behind the proposed recovery of the Gas Holder costs is as follows.
5. The Gas Holder, built in 1888, was used in the process of manufacturing gas from coal, which was the primary fuel that the Company distributed to customers from the late 19th

century until the early 1950s when the natural gas pipeline reached Concord. The Gas Holder has not been used since. The land on which the Gas Holder sits, located at One Gas Street, Concord (the “Gas Holder Site”), is contaminated with the byproducts of the processes used to manufacture gas.

6. Liberty is responsible for remediating the contamination at the Gas Holder Site as the successor to the company that caused the contamination, and the Commission has long held that Liberty may recover those remediation costs from customers because the contamination resulted from then-prudent Commission-approved processes for serving customers. *See EnergyNorth Natural Gas, Inc.*, 80 NH PUC 382 (1995); *EnergyNorth Natural Gas, Inc.*, 78 NH PUC 690 (1993). Recovery of costs related to the Gas Holder Site and other manufactured gas sites has continued to the present. *See* Order No. 26,715 (Oct. 31, 2022) (approving the environmental costs as contained in Liberty’s testimony, Exhibit 1, less the Gas Holder costs discussed here).
7. These remediation costs usually consist of (1) costs incurred by engineers to investigate the contamination, design remediation strategies, and work with the New Hampshire Department of Environmental Services (“NHDES”) to obtain approval of those remediation strategies; (2) costs to install monitoring and recovery wells to track the contamination and to remove contaminated water; and (3) costs to remove and dispose of contaminated soils. The costs addressed in this motion, however, are of a different nature.
8. In late 2020, Liberty began the preliminary processes that would lead to the demolition of the Gas Holder, having concluded that no developer would step forward to stabilize and make use of the Gas Holder and that the structure was becoming a safety hazard. The Company obtained a demolition permit from the city, instructed its engineers to prepare the

necessary specifications to be sent to contractors so they could respond to a request for bids, and Liberty obtained bids from several contractors.

9. As Liberty began these steps, the New Hampshire Preservation Alliance (“NHPA”) stepped forward with a proposal to avoid demolition and stabilize the Gas Holder for the long term. Simply stated, the NHPA offered to undertake responsibility for the stabilization work in return for Liberty seeking Commission approval to divert the funds that would have been spent on the demolition process toward the stabilization work. NHPA planned a two-phase stabilization process. The first phase (completed in the summer of 2022) included the construction work necessary to make sure the Gas Holder remained standing and safe for the medium term as NHPA raised the funds and planned the second phase, which will sufficiently rehabilitate the Gas Holder so that it remains for decades.
10. NHPA secured a \$500,000 commitment from a donor to perform the Phase 1 stabilization work, which donation was conditioned on a Liberty match.
11. Liberty accepted NHPA’s proposal, and the parties reduced their agreement to writing, the Emergency Stabilization License Agreement, signed in October 2021 (the “Agreement”), which is Attachment 2 to this filing.
12. Had the parties not been able to settle on the terms in the Agreement, Liberty would have demolished the Gas Holder.
13. Under the terms of the Agreement, NHPA arranged for contractors to stabilize the Gas Holder. That work consisted of constructing a massive steel scaffolding inside the Gas Holder to accept the weight of the roof, repairs to the tension ring around the top of the Gas Holder walls on which the roof sits, and repairs to the roof to prevent further leaking. Attachment 3 contains photographs that show some of the work completed in 2022.

14. Liberty and NHPA contributed equally to the costs of Phase 1. Liberty's share of the costs was \$486,596. It is this amount that Liberty seeks authority to recover through the Environmental component of the LDAC.
15. All environmental costs recovered through the LDAC are amortized over a period of seven years. Liberty proposes to begin collection of these Gas Holder costs by increasing the LDAC by \$0.0004/therm, beginning November 1, 2023. The Technical Statement of Craig Holden includes the calculations supporting this request.
16. Liberty also asks that the Commission find to be prudent Liberty's decision to enter the Agreement and contribute the estimated costs of demolition, investigation, and remediation of any contamination found beneath the gas holder toward the stabilization of the Gas Holder. Under the terms of the Agreement, Liberty will contribute to the Gas Holder no more than what it would have paid to have the Gas holder demolished. Thus, Liberty's decision to enter the Agreement will result in savings to customers. Liberty will not seek approval of the total amount contributed to the Gas Holder until the work is complete and the Commission would have the opportunity at a future hearing to determine if the money was prudently spent.
17. On or before December 30, 2022, Liberty will supplement this filing with the testimony of its engineers, GZA GeoEnvironmental, Inc., which will include GZA's estimate of the demolition costs and related remediation costs that Liberty will avoid by contributing toward the Gas Holder stabilization. Liberty, GZA, and the NHPA have not yet finished the work necessary to present the detailed demolition estimate for review. Liberty thus seeks a minor adjustment to the procedural schedule to accommodate this supplemental filing. Liberty asks the Commission to extend the due date for the first round of discovery following this filing

from December 19 to January 20, 2023. No other dates need to be changed as the response date for these first questions is currently February 3, 2023.

WHEREFORE, Liberty respectfully requests that the Commission:

- A. Approve recovery of \$2,783,768 through the RDAF representing the difference between allowed and actual revenues over the 2021–2022 decoupling year;
- B. Approve recovery of \$486,596 of costs Liberty contributed toward Phase 1 of the Gas Holder stabilization work;
- C. Approve Liberty’s decision to enter the Emergency Stabilization Access Agreement and its provision that Liberty may contribute to the Gas Holder stabilization up to the estimate to demolish the Gas Holder and investigate and remedy any contamination found beneath the Gas Holder;
- D. Extend the deadline for data requests on this filing and on the December 30 supplemental filing to January 20, 2023;
- E. Grant such other relief as is just and equitable.

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

By its Attorney,



Date: December 8, 2022

By: _____
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Certificate of Service

I hereby certify that on December 8, 2022, a copy of this petition has been forwarded to the service list.

A handwritten signature in cursive script, appearing to read "M. Sheehan".

Michael J. Sheehan