

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

**Re: EnergyNorth Natural Gas, Inc.
d/b/a Liberty Utilities**

Winter 2012-2013 Cost of Gas

Docket No. DG 12-_____

**Pre-filed Direct Testimony of
Michele V. Leone
on behalf of
EnergyNorth Natural Gas, Inc.
d/b/a Liberty Utilities**

August 31, 2012

00000031

1 **I. BACKGROUND**

2 **Q.** Please provide your name, job title and job description.

3 **A.** My name is Michele Leone. I am the Manager of the New England and Upstate
4 New York Site Investigation and Remediation Program for National Grid. I am
5 responsible for overseeing the management of the investigation and remediation
6 of MGP sites for National Grid's Massachusetts, Rhode Island and Upstate New
7 York affiliates and am providing site investigation and remediation services to
8 EnergyNorth Natural Gas, Inc. d/b/a Liberty Utilities ("ENGI" or the "Company")
9 pursuant to the July 3, 2012 Amended and Restated Transition Services
10 Agreement between National Grid USA and ENGI.

11 **Q.** Please describe your educational and professional background.

12 **A.** I hold a Bachelor of Science in Environmental Engineering from Syracuse
13 University, and a Master of Science in Engineering in Environmental Engineering
14 from the University of Michigan at Ann Arbor. I have been employed by
15 National Grid since December 2000 in the Site Investigation and Remediation
16 Group, managing the investigation and remediation of MGP sites. Prior to my
17 employment by National Grid, I held the position of Project Manager for an
18 environmental consulting firm, with responsibility for the investigation and
19 remediation of numerous hazardous waste sites and for providing technical
20 support to expert witnesses in litigation cases.

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

22 **A.** The purpose of my testimony is to discuss the status of ENGI's site investigation
23 and remediation efforts at various MGP sites in New Hampshire, to briefly

24 describe the MGP-related activities performed by the various contractors and
25 consultants, to discuss the costs for which the Company is seeking rate recovery,
26 and to describe the status of the Company's efforts to seek reimbursement for
27 MGP related liabilities from third parties. My testimony is intended to update the
28 information provided by the Company in prior cost of gas proceedings. The costs
29 associated with these investigations and remediation efforts and certain of the
30 amounts recovered from third parties are included in the schedules and other data
31 prepared by Ms. Leary as part of the Company's cost of gas filing.

32 **STATUS OF INVESTIGATION AND REMEDIATION ACTIVITIES**

33 **Q.** Will you please briefly describe the status of each of the Company's MGP sites?

34 **A.** Rather than reviewing each of these sites in a question and answer format,
35 consistent with past practice, the description of the status of investigation and
36 remediation efforts at each site as well as the various efforts to recover the site
37 investigation and remediation costs from third parties are summarized in materials
38 included with Tab 20 of the Company's filing. These summaries follow the
39 format that has previously been agreed upon in discussions between the Company
40 and Commission staff. In addition, as previously ordered by the Commission, in
41 July 2012, the Company held what has been an annual technical session with the
42 Commission staff and the Office of Consumer Advocate to keep them apprised of
43 the status of site investigation and remediation efforts, as well as cost recovery
44 efforts against third parties.

45 **Q.** In 2004, the Company began an investigation of an area referred to generally as
46 Lower Liberty Hill. Please briefly describe the current status of the Company's

47 investigation at Lower Liberty Hill and any significant events over the course of
48 the past year.

49 A. Lower Liberty Hill is a disposal area associated with the former Laconia MGP.
50 The disposal area is located in what is now a residential neighborhood in Gilford.
51 The Company completed investigation activities at Lower Liberty Hill in 2007
52 and the results indicate that soil and groundwater contamination from MGP waste
53 products have impacted locations formerly occupied by four residential properties
54 and a portion of an abutting stream. These impacts are primarily located in sub-
55 surface soils, and in deep groundwater. No drinking water impacts have been
56 found. A Remedial Action Plan ("RAP") was submitted to NHDES in February
57 2007, which recommended a remedial alternative consisting of a subsurface
58 containment wall, limited soil removal and an impermeable cap. In September
59 2007, NHDES, responded to the February 2007 RAP and required the Company
60 to evaluate additional remedial alternatives that included further soil removal. In
61 November 2007, the Company submitted RAP Addendum No. 1 to NHDES. The
62 revised plan recommended a remedial alternative that included construction of a
63 subsurface containment wall, removal of tar-saturated soils to a depth of
64 approximately 45 feet, and installation of an impermeable cap on the four
65 residential properties owned by the Company. On February 29, 2008, NHDES
66 issued a letter to the Company indicating that it had reached a preliminary
67 determination that the remedy recommended in the November 2007 RAP met the
68 NHDES requirements and that a final decision would be reached following a
69 public meeting and comment period. Following a public meeting in March and a

70 six week public comment period, NHDES issued a letter on June 26, 2008,
71 deferring its final decision on the recommended remedial alternative for the
72 Lower Liberty Hill site pending further data analysis following the development
73 of a scope of work prepared after consultations between NHDES, the Town of
74 Gilford and the Company. In 2008 and 2009, technical representatives from the
75 Company, the Town of Gilford, the Liberty Hill neighborhood and NHDES met
76 several times to discuss the comments provided to NHDES during the public
77 comment period, the scope of groundwater modeling to be performed, additional
78 limited data collection, and the results of the modeling and data collection
79 conducted in late 2008 and 2009. Based on the results of the modeling, NHDES
80 requested that the Company submit a revised Remedial Action Plan to evaluate
81 the technical changes from the modeling event.

82 On August 17, 2009, the Company submitted Remedial Action Plan Addendum
83 No. 2 to NHDES which revised the remediation option recommended in
84 November 2007 to include low flow groundwater extraction and treatment. In
85 October 2010, NHDES issued a Preliminary Decision on Remedial Action Plan
86 Addendum No. 2, in which NHDES indicated that it did not concur with the
87 Company's recommended remedial alternative and further recommended the
88 complete removal of coal tar-impacted soils at the site. The Company attended a
89 NHDES public meeting in November 2010 and submitted a comment letter to
90 NHDES in January 2011 further explaining the Company's rationale for its
91 recommended remedial alternative for the site and discussing why the Company
92 believes that its recommendation should be adopted by NHDES. In November

2011, NHDES issued a Final Decision indicating that NHDES did not concur with the remedy recommended by the Company and selecting the full removal alternative as the remedy for the site. In December 2011, the Company appealed the Final Decision with the New Hampshire Hazardous Waste Council. The appeal process is on-going. The hearing on the appeal will be scheduled after January 3, 2013.

Q. Please briefly describe the current status of the Company's remediation work at the Manchester MGP.

A. In June 2008, the Company remediated the Merrimack River portion of the site by dredging approximately 9,000 cubic yards of coal tar impacted sediments from the river. The river dredging activities were substantially complete in late 2007 and final restoration activities were completed in May 2008. A Final Remedial Action Implementation Report documenting the sediment remediation activities was submitted to NHDES in August 2008. Pre-design investigations in support of preparation of a Remedial Action Plan for the upland portion of the site were performed between 2007 and 2010, including additional site characterization, coal tar recovery pilot testing and coal tar mobility assessment and modeling. In June 2010, the Company submitted a Remedial Action Plan for the upland portion of the site to NHDES which recommended source removal, coal tar recovery and installation of a barrier wall proximate to the river. In April 2011, NHDES approved the upland Remedial Action Plan and requested that the Company proceed with the additional investigation activities recommended in the June 2010 Remedial Action Plan. These additional investigation activities were performed

116 off-property in late 2011; the on-property investigation work was initiated in
117 Spring 2012 and is on-going. A Remedial Design Report for the off-property
118 impacts is currently being finalized.

119 **Q.** Please briefly describe the current status of the Company's remediation work at
120 the Concord MGP.

121 **A.** The Company began investigation activities at the Concord MGP site in late
122 2004. Following initial investigation activities, NHDES requested that the
123 Company submit a supplemental scope of work to complete the delineation of
124 MGP-related impacts on and off site. In late 2008, the Company implemented the
125 2007 NHDES-approved scope of work. In September 2009, the Company
126 submitted a Supplemental Site Investigation Report to NHDES documenting
127 NHDES-approved additional investigation activities at the site performed between
128 2006 and 2009. NHDES approved the report in February 2010 and directed that
129 certain additional activities be performed, including removal of the contents of
130 certain on-site structures and certain investigation activities outside the
131 boundaries of the Company's property. An Initial Response Work Plan for the
132 structure work was submitted in July 2010 and approved by NHDES in August
133 2010. The work was completed in June 2011. The Company also submitted a
134 Supplemental Data Collection Work Plan in August 2010 for the additional
135 investigation work requested by NHDES. NHDES approved of the Work Plan on
136 September 16, 2010 (modified with NHDES in November 2011). These
137 investigation activities were completed in July 2012.

138 With regard to the pond that is located near Exit 13 on Interstate 93, down-
139 gradient from the MGP, when the pond was remediated in 1999, NHDES required
140 that the northern portion remain untouched, allowing for storm water input to the
141 pond, with the knowledge that some contamination remained and might require
142 remediation in the future. In 2006, NHDES requested that the Company address
143 the residual contamination in the pond. Following the completion of additional
144 investigation activities of this portion of the site, the Company submitted to
145 NHDES an Interim Data Collection Report in September 2006, a Conceptual
146 Remedial Design in March 2007, and a Presumptive Remedy Approval Request
147 in March 2009. In May 2009, NHDES granted the Presumptive Remedy
148 Approval allowing for the design and implementation of a cap over the pond
149 sediments to move forward. The proposed remedial work is to be performed on
150 city-owned land and within a NHDOT right-of-way; therefore the Company is
151 working with these parties to come to agreement on the design features, negotiate
152 access, and clarify the responsibilities of the three parties.

153 **Q.** Please briefly describe the current status of the Company's remediation work at
154 the Nashua MGP.

155 **A.** In November 2007, the Company submitted and NHDES approved a work plan
156 for a coal tar recovery pilot test at the Nashua MGP site. In June 2008, the
157 Company installed six extraction wells for pilot testing at the site. The Company
158 completed construction of the coal tar recovery system and it began operating in
159 November 2009. To date, 198 gallons of coal tar (also referred to as "DNAPL" or
160 Dense Non-Aqueous Phase Liquid) have been recovered. In September 2010, the

161 Company submitted an Installation Summary and DNAPL Recovery Pilot test
162 summary report to NHDES recommending that DNAPL extraction activities
163 continue. In addition, the Company submitted a work plan to NHDES in October
164 2010 for an off-site groundwater investigation program to support the delineation
165 of a Groundwater Management Zone. This work plan was approved by NHDES
166 on November 5, 2010. Following access negotiations and environmental
167 permitting for this investigation (completed in June 2011), the work was
168 performed between October and December 2011. Data analysis is on-going. In
169 addition, two groundwater sampling rounds were conducted.

170 **Q.** What other MGP investigation and remediation activity has the Company
171 undertaken in the last year?

172 **A.** Lower Liberty Hill, Manchester, Concord and Nashua are the four areas where
173 there is significant activity involving the Company. There is little or no activity to
174 report at the Keene or Dover locations at this time. As I mentioned previously,
175 the summaries included in the Company's cost of gas filing provide additional
176 detail regarding all of the Company's former MGP sites.

177 **III STATUS OF INSURANCE COVERAGE LITIGATION**

178 **Q.** Have there been any recent significant developments in the Company's efforts to
179 seek contribution from its insurance carriers that you wish to discuss?

180 **A.** No. Insurance recovery efforts are mostly complete with respect to all of the
181 Company's former MGP sites. With respect to Liberty Hill, insurance carriers
182 have been placed on notice of a potential claim, but no litigation has been
183 initiated.

184 **Q.** Does this conclude your direct testimony?

185 **A.** Yes, it does.