

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

January 8, 2019 - 10:16 a.m.
Concord, New Hampshire

MORNING SESSION
ONLY

[REDACTED - For Public Use]

RE: DG 18-094

NORTHERN UTILITIES, INC.:
Petition for Authority to Operate
in the Town of Epping.

NHPUC 23JAN19PM3:32

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

APPEARANCES: Reptg. Northern Utilities, Inc.:
Patrick H. Taylor, Esq.

Reptg. the Town of Epping:
John J. Ratigan, Esq. (Donahue...)

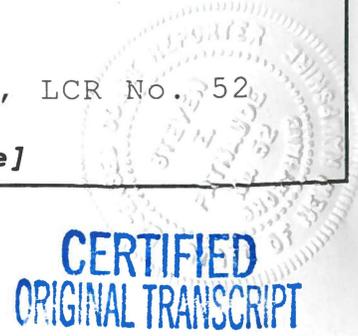
Reptg. Liberty Utilities (EnergyNorth
Natural Gas) Corp.:
Michael J. Sheehan, Esq.

Reptg. Residential Ratepayers:
Brian D. Buckley, Esq.
Office of Consumer Advocate

Reptg. PUC Staff:
Lynn Fabrizio, Esq.
Stephen Frink, Dir./Gas & Water Div.
Al-Azad Iqbal, Gas & Water Division
Randall Knepper, Dir./Safety Division
Bill Ruoff, Safety Division

Court Reporter: Steven E. Patnaude, LCR No. 52

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**CINDY L. CARROLL
TODD R. DIGGINS
CHRISTOPHER J. LeBLANC
KEVIN E. SPRAGUE**

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ADAM MUNGUIA

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P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: Good morning,
3 everyone. We're here in Docket DG 18-094,
4 which is a Petition by Northern Utilities for
5 Franchise Rights in Epping. And this is a
6 hearing on the merits.

7 Before we do anything else, let's
8 take appearances from the parties and those who
9 have been granted intervenor status.

10 MR. TAYLOR: Good morning,
11 Commissioners. Patrick Taylor, on behalf of
12 Northern Utilities, Inc.

13 CHAIRMAN HONIGBERG: Who's here for
14 the Town?

15 MR. RATIGAN: John Ratigan, from
16 Donahue, Tucker & Ciandella, on behalf of the
17 Town of Epping.

18 MR. BUCKLEY: Good morning,
19 Commissioners and Mr. Chairman. My name is
20 Brian D. Buckley. I am here representing the
21 interests of residential ratepayers. I'm a
22 staff attorney with the New Hampshire Office of
23 the Consumer Advocate.

24 MS. FABRIZIO: Good morning, Mr.

1 Chairman, Commissioners. Lynn Fabrizio, on
2 behalf of Staff. With me today is Steve Frink,
3 from the Gas & Water Division; and Randy
4 Knepper and Bill Ruoff, from the Safety
5 Division. Thank you.

6 CHAIRMAN HONIGBERG: Mr. Sheehan,
7 you're here for Liberty this morning?

8 MR. SHEEHAN: Yes, your Honor.

9 CHAIRMAN HONIGBERG: All right. The
10 first item of business I think is to discuss
11 Liberty's status. Mr. Taylor, we got your
12 objection this morning. I think you probably
13 filed it yesterday, but it appeared in our
14 in-boxes this morning.

15 MR. TAYLOR: That's correct.

16 CHAIRMAN HONIGBERG: Do the others --
17 I know the Town filed something related to the
18 intervention. Does the OCA or Staff have a
19 position on the Petition? Mr. Buckley?

20 MR. BUCKLEY: The OCA does not object
21 to Liberty's intervention.

22 CHAIRMAN HONIGBERG: Ms. Fabrizio?

23 MS. FABRIZIO: Thank you. Staff does
24 not support Liberty's late intervention at this

1 end stage of the proceeding. As the Commission
2 is aware, Liberty's competing petition for
3 franchise rights in the Town of Epping was
4 filed on December 24th, 2018, in Docket 18-194.
5 And the petition is fully dependent on
6 Commission approval of its proposed --
7 Liberty's proposed Granite Bridge gas
8 transmission pipeline and associated LNG
9 storage facility. And of course, if the
10 Granite Bridge Projects are not approved,
11 Liberty is unlikely to pursue franchise
12 authority in Epping, where it has no existing
13 contiguous service territories.

14 At this late stage in the docket,
15 Staff agrees with Northern that it would appear
16 to be more appropriate for Liberty to provide
17 public comment at today's hearing, if it so
18 wishes, rather than be granted limited
19 intervenor status today.

20 Staff also does not support the
21 suspension of Northern's Petition or the
22 consolidation of this proceeding with Docket DG
23 18-194 regarding Liberty's Petition. Staff
24 notes that, based on its -- on Liberty's

1 Petition, in DG 18-194, Liberty would not begin
2 construction prior to the Summer of 2022, with
3 service to commence at the earliest in the
4 Winter of 2022 to 2023. All contingent, of
5 course, on approval of the Granite Bridge
6 docket projects, which is currently on hold
7 until the end of this month.

8 Liberty's timeline implies that any
9 approval granted to Liberty for franchise
10 authority I think should not be issued until
11 2020, in compliance with the two-year time
12 limit requirements under RSA 274:27 [374:27?].

13 Northern, on the other hand, has
14 submitted its Petition without contingencies,
15 and has stated that it is prepared to begin
16 construction this summer and to serve customers
17 by Winter of 2019-2020.

18 Staff further notes that the
19 procedural circumstances are not quite similar
20 to the Valley Green proceeding that Liberty
21 refers to in its filing. Here, we are already
22 at the final hearing, following the parties'
23 full review of Northern's Petition, whereas
24 Liberty intervened very early in the process in

1 the Valley Green docket.

2 As a result, Staff sees no
3 justification for delaying a decision on
4 Northern's Petition at this stage, but is
5 prepared to conduct an equally thorough review
6 of Liberty's Petition in Docket DG 18-194.

7 Thank you.

8 CHAIRMAN HONIGBERG: Mr. Sheehan,
9 you've seen Mr. Taylor's objection. You've
10 just heard Ms. Fabrizio. Anything you want to
11 add or respond to?

12 MR. SHEEHAN: Yes. Thank you. Going
13 through the items in Unitil's/Northern's
14 objection in order, the first was that the
15 Motion to Intervene is not timely. As you
16 know, we filed for intervention timely back in
17 July or August; that was not granted at the
18 prehearing conference. And the Commission made
19 an explicit statement that "things may be
20 different if you had an active petition
21 pending".

22 Liberty chose to wait for the Town's
23 RFP process to continue, that was known to the
24 Commission back in July and August. At the

1 conclusion of that process, and -- and when we
2 chose not to intervene, we informed the
3 Commission and the parties that we would not
4 intervene if we were not selected by the Town.
5 That process played out; the Town indicated its
6 preference for Liberty. We then filed our
7 Petition and this Petition to Intervene.

8 So, it is not late in that sense,
9 plus the statute requires a petition be filed
10 three days prior to hearing; we met that
11 deadline. And we disagree with Northern's
12 statement that the timing of this filing
13 somehow takes it out of the mandatory section
14 of RSA 541:32 [541-A:32?].

15 Second, to both Staff's and
16 Northern's statements that we could achieve our
17 goals in this proceeding through public
18 comment, we respectfully disagree. I do not
19 have many questions, if any, to ask today.
20 But, if granted intervention, I would have the
21 right to, and any answers to my questions would
22 be evidence the Commission could rely on.
23 That's not the case if it's just public
24 comment. I would not be able to elicit any

1 facts, and anything I say would not be
2 evidence.

3 Second, intervention status does give
4 us the right to seek review of this order that
5 comes out of this docket, should we choose to
6 and should there be cause, an appeal right. We
7 have no such right as a public commenter.

8 CHAIRMAN HONIGBERG: Let me stop you
9 on that one.

10 It's not exactly true, is it?
11 Doesn't the appeal statute say anyone
12 "aggrieved by the decision"? Aren't there some
13 cases out there where non-intervenors were able
14 to appeal?

15 MR. SHEEHAN: I agree. But it's an
16 uphill battle that I don't think is necessary
17 to put in front of us. I think we do meet the
18 intervention requirement that removes that
19 argument we have to make as you just suggested.

20 CHAIRMAN HONIGBERG: Okay. You can
21 continue.

22 MR. SHEEHAN: Third, the Granite
23 Bridge timing is irrelevant. What we have
24 today is a question of "whether Liberty has

1 rights that would be affected by an order in
2 this case?" The Granite Bridge timing is
3 unknown. We have estimates. They have been
4 referenced by other parties. But what's really
5 important for the Commission is, "do we have
6 rights that could be affected by an order in
7 this docket?" And since we have filed the
8 request for the Epping franchise, we do.

9 There may be a time, maybe it's
10 addressed in the Liberty filing of the timing.
11 I think there is a clear path, should we get
12 Epping rights this summer that we could
13 exercise a franchise within two years. I don't
14 think it's a forgone conclusion that we would
15 not.

16 But, in any event, I don't think it's
17 relevant to the question of whether Liberty
18 becomes an intervenor in this case or not.

19 And there is some reference to, in
20 effect, a surprise or some prejudice by the
21 timing of our filing. And again, we
22 respectfully disagree with that. The parties
23 have known from day one that we would be
24 seeking intervention should the RFP go the way

1 it did. There's nothing new. We did not
2 interfere with this docket at all. We did not
3 file testimony. Obviously, because we
4 couldn't, we did not seek discovery. We did
5 not -- all we're going to do is possibly ask a
6 couple questions today, make a closing, and
7 make the request that the Commission not rule
8 on this Petition until it considers ours.

9 To Staff's point that the Commission
10 should go ahead, it sets up the very difficult
11 position that, should the Commission grant
12 Northern's request while Liberty's is pending,
13 it sort of prejudices Liberty's Petition. And
14 our overall position in this proceeding, and in
15 Liberty's, is that the public interest/public
16 good standard for a franchise is, in essence, a
17 tiebreaker.

18 Northern's a good company, they can
19 put this franchise together. Liberty can do
20 it. There needs to be a tiebreaker. And we
21 think the facts of what Liberty can present to
22 Epping is a tiebreaker. Should the Commission
23 decide Northern first, it sort of forecloses
24 that later tiebreaker analysis of which

1 proposal better serves Epping's potential
2 customers.

3 CHAIRMAN HONIGBERG: I'll start with
4 you, Mr. Sheehan, but any of the others can
5 weigh in as well.

6 Is it clear that franchise rights for
7 a gas franchise in a town are exclusive?

8 MR. SHEEHAN: It's not. We had this
9 conversation briefly back in the Pelham docket,
10 where Northern actually attempted to intervene.
11 And there was some discussion over whether
12 they're exclusive, whether a town could be
13 divided. It could get messy. But I don't
14 think there's a clear statement that, once
15 you're in a town, you're the only entity in the
16 town for the entire border of a town.

17 CHAIRMAN HONIGBERG: Does anyone
18 disagree with what Mr. Sheehan just said about
19 exclusivity?

20 MS. FABRIZIO: No.

21 CHAIRMAN HONIGBERG: All right.
22 Seeing none.

23 Anyone else want to have any say on
24 the intervention request? Mr. Ratigan.

1 MR. RATIGAN: Yes.

2 CHAIRMAN HONIGBERG: Off the record.

3 *[Brief off-the-record discussion*
4 *ensued.]*

5 CHAIRMAN HONIGBERG: So, Mr. Ratigan,
6 you may proceed.

7 MR. RATIGAN: Yes. Thank you.

8 As the Commission is aware, the Town
9 of Epping went through an RFP process and made
10 the selection of Liberty over the NU proposal.

11 It was pleased when it learned, in
12 the first instance, that Northern Utilities was
13 proposing to bring gas service to Epping. At
14 the time, it was not really aware that there
15 was a viable competing alternative. And when
16 it learned of that, it did what municipalities
17 usually do when they have competing applicants
18 for service in town, they sent out an RFP.

19 Northern Utilities has been really in
20 the same geographical distance from Epping
21 providing service to adjunct communities for a
22 long period of time. It has never extended its
23 franchise into the Town of Epping, even though
24 there has been tremendous economic growth over

1 the years, and they are now interested in doing
2 this.

3 The selectmen do not see how the
4 public good is served by rushing to file --
5 excuse me -- to choose a winner, without having
6 looked at both of these applications. They
7 feel very strongly about that.

8 And so, we think that Liberty's
9 intervention is supported. We also think that
10 the Commission should consider both of these
11 applications from a neutral perspective of not
12 having chosen one from the getgo.

13 Thank you.

14 CHAIRMAN HONIGBERG: Anyone else want
15 to weigh in on the topic of intervention?

16 Mr. Taylor.

17 MR. TAYLOR: If I could briefly
18 respond to some of the points addressed by
19 Mr. Sheehan?

20 CHAIRMAN HONIGBERG: Sure.

21 MR. TAYLOR: Okay. I guess, first,
22 on the question of "whether the petition is
23 timely?" This is a question of whether it
24 falls under the mandatory review or whether it

1 meets the mandatory standard or the
2 discretionary standard.

3 I disagree with Mr. Sheehan's reading
4 of the statute that anybody who can assert some
5 right can simply file for mandatory
6 intervention three days before a final hearing
7 in any case. The Commission, in pretty much
8 every case, sets a deadline for intervention
9 prior to the prehearing. Mr. Sheehan's reading
10 of the statute would essentially obliterate the
11 necessity of that early intervention deadline.
12 And so, I disagree with his reading of the
13 statute in that way.

14 I also disagree that the Commission's
15 denial of Liberty's intervention in the early
16 stages of this case puts some sort of
17 placeholder for them, without prejudice to just
18 simply, you know, revive mandatory
19 intervention. I think it falls under the
20 discretionary standard.

21 That being said, I disagree with
22 Mr. Sheehan and with Liberty that they have
23 some right that gives them the ability to
24 intervene in this case. They have a -- they

1 have a Petition pending before the Commission;
2 it's been filed. The Commission is aware of
3 that, and the Commission can deal with that as
4 it will.

5 Liberty is not going to make any
6 filing of substance in this case. It's not
7 going to offer any witnesses. To the extent
8 that it's going to try to cross-examine our
9 witnesses today, that is essentially --
10 granting them intervention would essentially
11 allow them to slide in at the end of our case
12 and just sort of ambush our witnesses with
13 questions, without their positions having
14 undergone any kind of scrutiny in this case.

15 I agree with the Staff, and I've
16 already articulated this in my motion, so I
17 won't go into it at length. I don't believe
18 that Liberty has a right or a substantial
19 interest that is ripe at this time for the
20 reasons articulated -- that we articulated, and
21 the Staff agrees with, which is that Liberty,
22 by its own acknowledgment, cannot serve the
23 Town of Epping without multiple extraneous
24 regulatory approvals. And even then, in its

1 Petition, it argues that it may be able to
2 start serving in 2022. And so, I disagree that
3 it has a right simply because it may sometime,
4 four or five years in the future, be able to
5 serve the Town of Epping.

6 If that were the standard for
7 intervention in a case, any utility could
8 eventually invent a right for itself and
9 intervene in a case at any time. And I don't
10 think that's what the Commission wants and I
11 don't think that's what the standard allows.

12 I do think that Mr. -- to the extent
13 that Liberty wants to provide a closing today,
14 whatever they would say in a closing can be
15 provided in public comment.

16 I disagree that they haven't sought
17 to impair this docket. They're asking the
18 Commission, basically, to hold the final
19 hearing today, and then not issue an order for
20 some indefinite period of time. The Liberty
21 docket could take well into 2020. It's
22 unknown.

23 And so, I don't think that the
24 Commission is "prejudging" Liberty's Petition.

1 I think that's the wrong way to frame it. The
2 Liberty -- the Commission has a franchise
3 application before it, and the Commission
4 really just needs to look at that Petition, and
5 whether -- judge it on its merits. Is it in
6 the public good? And we submit to you that it
7 is. And that is the issue before the
8 Commission today.

9 It's not about prejudging something
10 else. It's just about evaluating what is
11 before the Commission.

12 CHAIRMAN HONIGBERG: Thank you,
13 Mr. Taylor.

14 All right. We're going to take a
15 five to ten minute break and discuss this. So,
16 we'll be back.

17 *(Recess taken at 10:34 a.m. and*
18 *the hearing resumed at 10:41*
19 *a.m.)*

20 CHAIRMAN HONIGBERG: We're going to
21 grant Liberty's Petition to Intervene, limited
22 naturally as it is, with a reminder to
23 Mr. Taylor, Ms. Fabrizio, and anyone else, that
24 if questions are asked that you believe are

1 inappropriate or unfair, that you will object,
2 and we'll deal with it that way.

3 Does anybody have any questions about
4 that? Ms. Fabrizio, looked like you're
5 grabbing the mike.

6 MS. FABRIZIO: Well, I think
7 Mr. Taylor will probably address this, but we
8 do have some confidential information that may
9 come up during the course of the hearing, for
10 which --

11 CHAIRMAN HONIGBERG: It would not
12 be -- I think everyone agrees, it would not be
13 appropriate for Liberty to have Northern's
14 confidential information. I can see
15 Mr. Sheehan nodding his head on that.

16 So, to the extent that there's
17 confidential information that is relevant and
18 going to be disclosed, we're going to deal with
19 it appropriately as it comes up.

20 MS. FABRIZIO: Thank you.

21 MR. TAYLOR: Thank you.

22 CHAIRMAN HONIGBERG: So, with that,
23 are there other preliminary matters we need to
24 deal with before we start?

1 MR. TAYLOR: I have none.

2 CHAIRMAN HONIGBERG: Okay. How
3 about -- I see some premarked exhibits up here.

4 Okay. I see some premarked exhibits
5 up here. Anything we need to know about that?

6 Mr. Taylor.

7 MR. TAYLOR: Yes. So, premarked
8 exhibits: Hearing Exhibit 1 is the
9 confidential Company filing; Hearing Exhibit 2
10 is the Company's redacted filing; Hearing
11 Exhibit 3 are the Staff testimony and exhibits;
12 Hearing Exhibit 4 are the Epping testimonies
13 and exhibits; Hearing Exhibit 5 is -- or,
14 Hearing Exhibits 5, 6, and 7 are data request
15 responses that the Company provided. And I'm
16 going to use these on direct with the
17 witnesses.

18 There may be other premarked
19 exhibits, but they would be for other parties.

20 CHAIRMAN HONIGBERG: Is there
21 anything I need to know about 8?

22 MS. FABRIZIO: Yes. That is Staff's
23 exhibit that is premarked as "Exhibit 8". And
24 that is the material referenced in Mr. Frink's

1 testimony at Bates Page 007. This is a data
2 response received during the course of
3 discovery in this proceeding.

4 CHAIRMAN HONIGBERG: Okay. Who are
5 we expecting to hear from today, in terms of
6 witnesses?

7 MR. TAYLOR: Thank you, Commissioner.
8 Our panel today will be Cindy Carroll, Todd
9 Diggins, Chris LeBlanc, and Kevin Sprague. And
10 if they may, they will take the stand.

11 CHAIRMAN HONIGBERG: Ms. Fabrizio, is
12 Mr. Frink going to testify?

13 MS. FABRIZIO: Yes. Mr. Frink will
14 testify on behalf of Staff today.

15 CHAIRMAN HONIGBERG: Who else is
16 going to be presenting witnesses?

17 Mr. Ratigan.

18 MR. RATIGAN: Yes. Selectman Adam
19 Munguia will be testifying, and also George
20 Sansoucy and Andrea Curtis as a panel.

21 CHAIRMAN HONIGBERG: So, that's going
22 to be separate events, the selectman by
23 himself, and then Mr. Sansoucy and -- as a
24 panel?

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 MR. RATIGAN: Yes. That's correct.

2 CHAIRMAN HONIGBERG: Okay. All
3 right. With that, I think the first witnesses
4 can probably move up. Mr. Taylor, you're up.

5 Mr. Patnaude, would you swear the
6 witnesses in please.

7 (Whereupon *Cindy L. Carroll,*
8 *Todd R. Diggins, Christopher J.*
9 *LeBlanc, and Kevin E. Sprague*
10 were duly sworn by the Court
11 Reporter.)

12 CHAIRMAN HONIGBERG: Mr. Taylor.

13 MR. TAYLOR: Good morning.

14 **CINDY L. CARROLL, SWORN**

15 **TODD R. DIGGINS, SWORN**

16 **CHRISTOPHER J. LeBLANC, SWORN**

17 **KEVIN E. SPRAGUE, SWORN**

18 **DIRECT EXAMINATION**

19 BY MR. TAYLOR:

20 Q I'm going to ask each member of the panel to,
21 starting with Mr. LeBlanc, to please state your
22 name, your employer, and your position with the
23 Company.

24 A (LeBlanc) My name is Christopher LeBlanc. I'm

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 Vice President of Gas Operations for Unitil
2 Service Corporation.

3 A (Sprague) I'm Kevin Sprague, Director of
4 Engineering for Unitil.

5 A (Carroll) Cindy Carroll, Director of Customer
6 Energy Solutions for Unitil Service Corp.

7 A (Diggins) Todd Diggins, Director of Finance for
8 Unitil Service Corp.

9 Q Thanks. Mr. Diggins, I'm going to start with
10 you. Have you testified before the Commission
11 before?

12 A (Diggins) Yes.

13 Q Could you please refer to the Direct Testimony
14 of David Chong.

15 A (Diggins) I have that.

16 Q Have you reviewed Mr. Chong's testimony and the
17 attached exhibits?

18 A (Diggins) I have.

19 Q Are you familiar with the economic concepts and
20 analyses discussed therein?

21 A (Diggins) Yes, I am.

22 Q By virtue of your experience and position with
23 the Company, are you competent to adopt
24 Mr. Chong's testimony as your own?

{DG 18-094} [Morning Session ONLY] {01-08-19}

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 A (Diggins) I am.

2 Q And do adopt that testimony today?

3 A (Diggins) I do.

4 Q And does the same hold for any discovery
5 responses that Mr. Chong may have sponsored or
6 drafted during the course of this proceeding?

7 A (Diggins) It does.

8 Q Thank you. Mr. LeBlanc, with respect to your
9 testimony and the exhibits that were attached,
10 were those -- were they prepared by you or
11 under your direction?

12 A (LeBlanc) Yes, they were.

13 CHAIRMAN HONIGBERG: Just a minute,
14 Mr. Taylor. Off the record.

15 *[Brief off-the-record discussion*
16 *ensued.]*

17 BY MR. TAYLOR:

18 Q Mr. LeBlanc, do you have your testimony in
19 front of you?

20 A (LeBlanc) Yes, I do.

21 Q Could you please turn to Bates Page 053,
22 Line 5.

23 A (LeBlanc) I'm there.

24 Q Okay. And that says that the total incremental

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 cost is "2,736,300", correct?

2 A (LeBlanc) That is correct.

3 Q What is the correct total incremental project
4 cost for the Epping expansion?

5 A (LeBlanc) The correct incremental project cost
6 is 2,786,299.

7 Q And, so, what was at Bates Page 053, Line 5, is
8 a typo?

9 A (LeBlanc) That is correct.

10 Q On the next page, Bates Page 054, there's a
11 Table 1, correct?

12 A (LeBlanc) That is correct.

13 Q And it indicates that the 8-inch Zone 2 main
14 footage is "22,725". Correct?

15 A (LeBlanc) That is correct.

16 Q Is that number correct?

17 A (LeBlanc) No, it is not.

18 CHAIRMAN HONIGBERG: Hang on,
19 Mr. Taylor.

20 MR. TAYLOR: Yes?

21 CHAIRMAN HONIGBERG: I have some
22 grayed out information in Table 1. Is the
23 information you're asking about information
24 that the Company believes is confidential?

{DG 18-094} [Morning Session ONLY] {01-08-19}

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 MR. TAYLOR: I do see what you're
2 looking at, Commissioner. I'm also looking at
3 a data request response that we provided that
4 appears to not be confidential. And I may have
5 to -- I believe it was submitted on a
6 non-confidential basis.

7 And if I could perhaps take a check,
8 take a moment just to double-check, before we
9 put the correct number on the record.

10 CHAIRMAN HONIGBERG: Sure. Let's go
11 off the record. You have whatever conferences
12 you need to have.

13 *(Atty. Taylor conferring with*
14 *the witnesses.)*

15 CHAIRMAN HONIGBERG: Mr. Taylor.

16 MR. TAYLOR: I think we're all set.

17 CHAIRMAN HONIGBERG: Okay. So,
18 you're asking about --

19 MR. TAYLOR: Yes. So, I
20 appreciate -- I appreciate you called it to my
21 attention. It does appear that the response
22 that we provided on this issue was provided
23 non-confidentially.

24 So, what I would ask is that I think

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 that we've -- with respect to this one piece of
2 information, we probably waived
3 confidentiality.

4 I would ask that the remainder of the
5 table, the information -- the confidentiality
6 not be waived.

7 CHAIRMAN HONIGBERG: Okay. I think
8 you probably want to submit a corrected page,
9 so that the records that the Clerk maintains
10 have the properly redacted and unredacted
11 information.

12 In any event, I think all you're
13 doing here is correcting that number with the
14 witness, is that right?

15 MR. TAYLOR: That's correct.

16 CHAIRMAN HONIGBERG: All right. Why
17 don't you fix that. And then, at the end of
18 the process, you'll be able to submit a
19 corrected page for the records.

20 MR. TAYLOR: Thank you.

21 BY MR. TAYLOR:

22 Q Mr. LeBlanc, what is the correct number?

23 A (LeBlanc) 2,725.

24 Q Thank you. Other than those corrections, do

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 you have any changes or corrections to your
2 testimony or exhibits that you would like to
3 make today?

4 A (LeBlanc) No, I do not.

5 Q And with respect to your testimony, if you were
6 asked the same questions today, would your
7 answers be the same?

8 A (LeBlanc) That is correct.

9 Q Mr. Sprague, with respect to your testimony and
10 the attached exhibits, were they prepared by
11 you or under your direction?

12 A (Sprague) Yes, they were.

13 Q Do you have any changes or corrections to your
14 testimony or exhibits that you would like to
15 make today?

16 A (Sprague) Not at this time.

17 Q Okay. And with respect to your testimony, if
18 you were asked the same questions today, would
19 your answers be the same?

20 A (Sprague) Yes, they would be.

21 Q Ms. Carroll, with respect to your testimony and
22 the attached exhibits, were they prepared by
23 you or under your direction?

24 A (Carroll) Yes, they were.

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 Q Do you have any changes or corrections to your
2 testimony or exhibits that you'd like to make
3 today?

4 A (Carroll) Not at this time.

5 Q And with respect to your testimony -- prefiled
6 testimony, if you were asked the same questions
7 today on the stand, would your answers be the
8 same?

9 A (Carroll) Yes, they would.

10 MR. TAYLOR: And I do have some
11 limited direct that I'd like to do. The
12 Commission has already been provided with
13 Hearing Exhibits 5, 6, and 7. I'd just like to
14 approach the witnesses to provide them copies?

15 CHAIRMAN HONIGBERG: Uh-huh.

16 *(Atty. Taylor handing documents*
17 *to the witnesses.)*

18 BY MR. TAYLOR:

19 Q Mr. LeBlanc and Mr. Sprague, I've handed you
20 three exhibits marked "Exhibits 5", "6" and
21 "7".

22 Mr. LeBlanc, the first exhibit is the
23 Company's response to Staff 1-10, and it is
24 sponsored by you, is that correct?

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 A (LeBlanc) That is correct.

2 Q And this request indicates the alternate route
3 to be used if the Rail Trail Option for the
4 Company's expansion is not permitted, and what
5 the incremental project cost is. Correct?

6 A (LeBlanc) That is correct.

7 Q And so, to the extent that this data request
8 modifies your testimony and provides a new
9 incremental project cost, this is correct, am I
10 right?

11 A (LeBlanc) That is correct.

12 Q Mr. Sprague, Exhibit Number 6 is the Company's
13 response to Data Request Staff 1-25 and is
14 sponsored by you. Is that correct?

15 A (Sprague) That is correct.

16 Q And this response indicates that the New
17 Hampshire Bureau of Rail & Transit had declined
18 to give the Company permission to build part of
19 its route in the Rail Trail. Is that correct?

20 A (Sprague) That is correct.

21 Q And, Mr. Sprague or Mr. LeBlanc, either of you
22 can or both of you can take this question.
23 Exhibit Number 7 is the Company's response to
24 Staff 1-28, and it's sponsored by the both of

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 you, is that correct?

2 A (Sprague) That is correct.

3 Q And this data request provides maps for both
4 the original route and the revised route, in
5 light of the New Hampshire Bureau's decision.
6 Is that correct?

7 A (Sprague) That is correct.

8 Q And so, to the extent that any of these data
9 requests modify either of your testimony, these
10 data requests contain the correct information,
11 is that right?

12 A (Sprague) That is correct.

13 MR. TAYLOR: I have no further
14 questions.

15 CHAIRMAN HONIGBERG: Mr. Sheehan, do
16 you have questions for the witnesses?

17 MR. SHEEHAN: I do not.

18 CHAIRMAN HONIGBERG: Mr. Ratigan, do
19 you have questions?

20 MR. RATIGAN: Yes. I have a couple
21 -- I'm sorry that I didn't premark these. I
22 have an order from the Commission dating back
23 to 2014 and the Committee's -- excuse me, and
24 Northern Utilities' 2017 Annual Report. Those

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 are the two documents that I just have like two
2 questions.

3 CHAIRMAN HONIGBERG: Sure. Why don't
4 you go through the process of getting them
5 marked, and then deal with them. Let's go off
6 the record.

7 MR. RATIGAN: Okay. Thank you.

8 *[Off-the-record discussion*
9 *ensued.]*

10 CHAIRMAN HONIGBERG: All right. So,
11 being marked as "Exhibit 9" is Order
12 Number 25,700, from Docket DG 14-154.
13 "Exhibit 10" is Northern Utilities' Annual
14 Report to us dated "April 2, 2018".

15 (The documents, as described,
16 were herewith marked as
17 **Exhibit 9** and **Exhibit 10**,
18 respectively, for
19 identification.)

20 MR. RATIGAN: May I approach the
21 witnesses?

22 CHAIRMAN HONIGBERG: You may.

23 MR. RATIGAN: I have for each of
24 you --

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 *[Court reporter interruption.]*

2 MR. RATIGAN: Excuse me. I have for
3 each of you, because I don't know who will be
4 the best person to respond to this, a copy of
5 what has been marked as "Exhibit 9".

6 MR. TAYLOR: May I have a copy of the
7 exhibit as well?

8 MR. RATIGAN: Yes. Sure.

9 MS. FABRIZIO: Me, too.

10 *[Atty. Ratigan distributing*
11 *documents.]*

12 MR. RATIGAN: And I'll hand out 10 as
13 well. So that I've got one full, but I'm only
14 asking a question about what's on Page 4.

15 *[Atty. Ratigan distributing*
16 *documents.]*

17 MR. RATIGAN: I'm ready when the
18 Commission is ready.

19 CHAIRMAN HONIGBERG: Go ahead.

20 Mr. Ratigan, you may proceed.

21 **CROSS-EXAMINATION**

22 BY MR. RATIGAN:

23 Q So, the question for the panel is this -- with
24 respect to Exhibit 9, does someone recognize

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 that order?

2 A (Carroll) Yes.

3 Q And would it be fair to characterize the order
4 as one in which Northern Utilities sought to
5 have -- gain approval from the Committee -- or,
6 the Commission rather, for the extension of a
7 gas main distributing line in Brentwood, in the
8 length of 4 miles, to serve two industrial
9 customers, as well as the opportunity to serve
10 other customers who may be along the length of
11 line, is that correct?

12 MR. TAYLOR: I'm going to object to
13 the question on the grounds that I think the
14 order speaks for itself, but the --

15 CHAIRMAN HONIGBERG: You can answer.

16 **BY THE WITNESS:**

17 A (Carroll) That is what it appears to be, yes.

18 BY MR. RATIGAN:

19 Q And one of the position -- the position of the
20 Staff, on Page 2 of the order, it -- in the
21 second to last line it talks about Staff's
22 recommendation, because "the proposed main will
23 pass 24 residences, 34 small businesses, and 9
24 medium-sized businesses". Do you know whether

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 that is an accurate characterization?

2 A (Carroll) To the best of my recollection, it
3 is.

4 Q And has that extension been constructed?

5 A (Carroll) Yes.

6 Q And when was that extension constructed?

7 A (Carroll) Trying to remember the completion
8 date, I'm not -- it has been completed, and I
9 don't have the exact date that it was completed
10 in my memory.

11 Q At the bottom of Page 2 of that exhibit, it
12 says -- it repeats that "Northern said it will
13 'aggressively pursue potential customers' along
14 the route to the benefit of all Northern
15 customers." Has that occurred?

16 A (Carroll) Yes.

17 Q And now turn your attention to Exhibit 10,
18 which is the 2017 Annual Report by Northern
19 Utilities to the Commission. And if I could
20 turn your attention -- well, first of all, do
21 you recognize that document?

22 A (Diggins) Yes, I do.

23 Q And I take it this is the 2017 Annual Report of
24 the Company to the PUC?

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 A (Diggins) Correct.

2 Q Turning your attention to what I believe is
3 Page 4 of that report, can you describe what
4 that sets forth? It says "List of Cities and
5 Towns directly served". What does that
6 describe?

7 A (Diggins) List of cities and towns that the
8 Company serves.

9 Q And is that referencing gas service?

10 A (Diggins) Yes, it is.

11 Q And so, is it my understanding that at the end
12 of -- as of December 31st, 2017, in Brentwood,
13 there were four customers served?

14 A (Diggins) That is correct.

15 Q And would those customers have been served from
16 that extension of the line that was approved by
17 the Commission in Exhibit 9?

18 A (Carroll) To the best of my recollection, those
19 four customers are served from that initial
20 extension into Brentwood.

21 Q Okay. And have any other customers been added
22 since that date to your knowledge?

23 A (Carroll) Any customers since this report was
24 filed?

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 Q Yes.

2 A (Carroll) Not to my -- I don't have that
3 information.

4 Q Okay. Does anyone on the panel have that
5 information? No?

6 A (LeBlanc) No.

7 MR. RATIGAN: That's fine. That
8 completes my testimony -- my questioning,
9 sorry.

10 CHAIRMAN HONIGBERG: Mr. Buckley.

11 WITNESS SPRAGUE: I'd --

12 CHAIRMAN HONIGBERG: I'm sorry.

13 WITNESS SPRAGUE: I'd like to just
14 respond to that.

15 CHAIRMAN HONIGBERG: There's no
16 pending question. Is it responsive to the
17 question about how --

18 WITNESS SPRAGUE: It's responsive to
19 the question that he was asking. And --

20 CHAIRMAN HONIGBERG: Okay. Hang on.
21 Hang on.

22 So, Mr. Ratigan, it sounds like there
23 is an answer to your question. If you have
24 follow-up after he's done, you'll be allowed to

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 do that.

2 So, what is the answer to

3 Mr. Ratigan's question?

4 **BY THE WITNESS:**

5 A (Sprague) So, I'd just like to take a moment to
6 clarify what this extension was. The
7 majority --

8 CHAIRMAN HONIGBERG: Let me stop you.
9 Let me stop you. He's going to legitimately
10 stop you, because it's not responsive to the
11 question. Which was "have any customers been
12 added in Brentwood since the filing of this
13 report?" And I think the answer is "no".

14 If there's additional information
15 that Mr. Taylor wants you to provide, he'll
16 have an opportunity to do that.

17 Mr. Buckley, do you have any
18 questions for the panel?

19 MR. BUCKLEY: Yes. Just a few brief
20 questions, Mr. Chairman.

21 And I'll just address these to the
22 panel generally, and whoever feels best suited
23 to answer, please do so.

24 BY MR. BUCKLEY:

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 Q There is one is public comment in this docket,
2 and it's from Doug Richardson of Waterstone
3 Properties. Can anybody tell me who that is?

4 A (Carroll) I do not know his exact title within
5 that organization.

6 Q Do you know the substance of that comment
7 generally?

8 A (Carroll) I'd have to refer to his -- he wrote
9 a letter in support of our Petition.

10 Q And other than this letter, has the Company
11 received any signed commitments to take service
12 within the franchise territory as of yet?

13 A (Carroll) No, we have not.

14 Q Can someone just briefly walk me through very
15 briefly the Commission's general policy on
16 granting of franchises and/or line extensions?

17 And what I'm referring to specifically
18 here is, from what I understand, often a
19 company has to come forward with some sort of
20 an economic case for that expansion, in order
21 to make sure that there's -- there is no
22 inappropriate degree of cross-subsidization by
23 existing customers. Is that a correct
24 understanding?

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1 A (Carroll) Well, I can speak to our proposal in
2 this instance, in which we have submitted to
3 the Commission, in our direct testimony or in
4 our filed testimony, an economic analysis for
5 this project.

6 Q And would it be safe to say that that economic
7 analysis results in a net positive value, is
8 that accurate?

9 A (Diggins) Yes, it is.

10 Q And as a result of that net positive value, if
11 everything happens as projected, the cost of
12 the expansion, the customer growth associated
13 with the expansion, there wouldn't be an undue
14 impact on the Company's existing ratepayers?

15 A (Diggins) That is correct.

16 Q Are there any instances within the last five
17 years that you know of where Unitil's line
18 extensions have either been more costly than
19 originally predicted or the predicted customer
20 growth never materialized, resulting in a net
21 present value that is less than what was
22 forecasted?

23 A (Carroll) I can't speak to a specific example
24 to give you. But I am sure that, in the course

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1 of doing business, there have been projects
2 where estimated costs differ from actual costs,
3 and customer acquisition in some regard is
4 different than what was originally estimated or
5 projected.

6 Q Can you tell me at what point, from the
7 Company's perspective, an expansion which fails
8 to meet its net present value predictions
9 becomes an unreasonable burden for existing
10 ratepayers?

11 A (Carroll) Could you repeat the question. I'm a
12 little unclear.

13 Q Can you tell me, from the Company's
14 perspective, at what point an expansion which
15 failed to meet its net present value
16 predictions might become an unreasonable burden
17 on the Company's existing ratepayers?

18 A (Diggins) If the project does effectively have
19 a negative net present value, it is technically
20 uneconomical. But, as far as becoming an undue
21 burden on the customers, an unreasonable undue
22 burden, I'd have to look at the magnitude. And
23 there have been many projects that have far
24 exceeded the net present value. So, there are

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 some, I guess, give-and-take within the
2 projects.

3 Q Are you aware of any other instances where a
4 franchise expansion has been requested that
5 some sort of a risk-sharing mechanism has been
6 required by the Commission, possibly to ensure
7 that the net present value predictions
8 materialize as projected?

9 A (Carroll) I mean, I can't speak to the details,
10 but my understanding, anecdotally for the most
11 part, is that I believe there is another gas
12 company in New Hampshire that has had a
13 franchise that was approved with some kind of
14 risk-sharing condition.

15 Q And in your judgment, that wouldn't necessarily
16 be appropriate here, is that correct? Based on
17 your testimony, you're sure that the business
18 case for this expansion is something that might
19 be a winner for both new customers and existing
20 customers?

21 A (Carroll) Yes. I mean, we remain confident in
22 the economic analysis that we presented.

23 Q And that economic analysis, can you tell me
24 what the customer type, maybe by class, largely

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 represents? Are there any residential
2 ratepayers in there?

3 A (Carroll) There are a few residential
4 ratepayers. I don't have the exact number.
5 It's in the testimony, and I believe it's also
6 in discovery.

7 Q Does the Company have plans, moving forward in
8 the future, to expand access in the Town of
9 Epping to more than just the few residential
10 ratepayers?

11 A (Carroll) We have a line extension tariff as
12 part of our tariff. We have what we consider
13 an aggressive growth plan for the Company. And
14 we will pursue and take advantage of any growth
15 opportunities that are economic for the
16 Company, and for our customers.

17 Q And as part of this proceeding, for this
18 Petition, did you conduct any analysis that
19 tried to tease out the economics of expansion
20 in the residential areas of Epping?

21 A (Carroll) No. We've been focused on the
22 project before us initially, as an initial
23 matter, in any event. But, you know, in fact,
24 as part of a discussion we had with the Board

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 of Selectmen in the Town, when asked this very
2 question about expansion into other areas in
3 the town, we communicated the same thing. That
4 we have a tariff that allows for that. That we
5 are going to, you know, look for opportunities
6 to expand further within the Town. And if
7 there's a desire and a demand for our services,
8 we're certainly eager to take a look at those
9 opportunities and take advantage of the ones
10 that make sense.

11 Q And would I be accurate in characterizing that
12 eagerness as conditioned upon an economic
13 analysis that shows any expansion would not
14 unduly burden existing ratepayers?

15 A (Carroll) It would be pursuant to our tariff.

16 MR. BUCKLEY: No further questions.

17 CHAIRMAN HONIGBERG: Ms. Fabrizio.

18 MS. FABRIZIO: Thank you, Mr.

19 Chairman. I just have a few questions
20 regarding the impact that the proposed
21 expansion may have on Northern's supply
22 requirements and the gas rates for customers.

23 And I will address these questions to
24 the panel, and whoever feels the urge to

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 respond, please do.

2 BY MS. FABRIZIO:

3 Q What is the expected increase in annual sales
4 related to the Epping expansion, and how does
5 that comparing to Northern's existing sales?

6 A (Diggins) The estimated increase is about a
7 million therms, which is about 1 percent of
8 Northern's annual sales.

9 Q Thank you. And how does the increase in demand
10 affect Northern's supply and capacity
11 requirements? Does Northern currently have the
12 supply capacity and resources to meet the
13 additional demand?

14 A (Carroll) If you look at our testimony, on
15 Bates Page 034, I think it's 3 through 8, we do
16 address this very briefly, and state that we do
17 have the capacity. Further, I've consulted
18 with our Supply group and the experts there.
19 And they confirm that we have -- or, they
20 indicate that we have the supply and the
21 capacity resources to meet this additional
22 load.

23 Q And can you describe the supply and capacity
24 resources that the Company intends to acquire

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 to meet this load?

2 A (Carroll) No. I cannot describe them in
3 detail.

4 Q Okay.

5 A (Carroll) I just got the assurance from the
6 group that we do have the capacity and supply
7 to provide for this additional load.

8 Q Thank you. Next question. How will the
9 increase in supply requirements impact
10 Northern's cost of gas rates, both short and
11 long term?

12 A (Carroll) Again, in consultation with our
13 supply experts, they indicate that this is --
14 this additional growth is just a fraction of
15 what our annual organic growth rate is, which
16 is around two and a half to three percent a
17 year in terms of throughput. So, they said
18 they don't think it will have an impact on COG
19 rates, either in the short or long term.

20 MS. FABRIZIO: Thank you. I have no
21 further questions.

22 CHAIRMAN HONIGBERG: Commissioner
23 Bailey.

24 CMSR. BAILEY: I want to talk a

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 little bit about Brentwood. So, whoever is
2 best suited to answer the questions, please
3 chime in.

4 BY CMSR. BAILEY:

5 Q Was Brentwood constructed on schedule?

6 A (LeBlanc) Yes, it was.

7 Q And do you know if it was constructed within
8 the budget that you articulated in your net
9 present value analysis?

10 A (LeBlanc) I believe it was, but I'm not sure.

11 Q It wasn't wildly over?

12 A (LeBlanc) I don't believe it was wildly over,
13 no.

14 Q Okay. What would you consider -- what
15 percentage over would you consider --

16 A (LeBlanc) Company capital budgeting policy
17 requires anything over 15 percent of authorized
18 amount need to be explained with a revision.
19 So, 15 percent would be the threshold that we
20 would use.

21 Q And did you have to explain a revision?

22 A (LeBlanc) I don't believe we did, but that
23 would be subject to check.

24 Q Okay.

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 CHAIRMAN HONIGBERG: We're going to
2 make a record request, Mr. Taylor, to confirm
3 the answer that Mr. LeBlanc just gave. So,
4 that's going to be?

5 MS. DENO: Eleven.

6 CHAIRMAN HONIGBERG: Exhibit 11.

7 **(Exhibit 11 reserved)**

8 BY CMSR. BAILEY:

9 Q Why is a 20-year discount -- why is a 20-year
10 term reasonable to use in your DCF analysis for
11 residential customers?

12 A (Diggins) That's been a part of our existing
13 policy, our policy for discounting modeling.
14 We estimate that adding a household is going to
15 be around for a long period of time, and a
16 20-year time period seems like a reasonable
17 amount.

18 Q Does that -- forgive me, I'm asking a question
19 because I don't know the answer or I don't know
20 how this works. But when does the DCF assume
21 that the residential customers will take
22 service? Is it over 20 years, you know, spread
23 over a 20-year period, or everybody takes it on
24 year one, and then the payback doesn't work

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 until 20 years?

2 A (Diggins) It depends on the circumstances of
3 the project. In this particular case, we
4 have -- we have assumed that everyone will take
5 gas service in year one.

6 Q Okay. Have you ever considered requiring a
7 contribution for new customers to shorten up
8 that payback period?

9 A (Diggins) Correct, I mean, we have. If the
10 analysis comes out to be uneconomical, has a
11 negative NPV, that would -- that would trigger
12 having a contribution from the customer to make
13 that NPV zero.

14 Q And if the time period were ten years instead
15 of twenty years, did you look at how much the
16 contribution from a residential customer would
17 need to be?

18 A (Diggins) I did not.

19 Q Do you have a ballpark estimate or guesstimate
20 or --

21 A (Diggins) I'm not sure. I'm sorry.

22 Q I mean, the total amount of investment for a
23 residential customer is in somebody's
24 testimony, I read that and I can't remember if

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 it's confidential or not, so I won't say it out
2 loud. But, you know, if that were spread
3 over -- if a portion of that were spread over a
4 period of time on bills, as a contribution, it
5 could make the net present value better than
6 ten years?

7 A (Diggins) Oh, correct.

8 A (Carroll) Can I add, just clarifying?

9 Q Yes, please.

10 A (Carroll) You may be referring to the cost to
11 provide a service to a residential customer.

12 Q Yes.

13 A (Carroll) But that does not -- that assumes
14 there's already a gas main in front of the
15 residence. So, in an instance like before us,
16 where there is also an extension of gas main
17 that has to be considered and the cost of that,
18 you're right, for adding -- simply adding a gas
19 service for a residential customer, the cost
20 may seem reasonable and affordable for many
21 residences. But, when you add the cost of
22 getting to that area, the costs incrementally
23 get much bigger.

24 Q But are you adding this gas main for

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 residential customers?

2 A (Carroll) Not exclusively, no. We're adding it
3 for the area.

4 Q Yes. And the majority of the customers that
5 you anticipate are going to be not residential?

6 A (Carroll) In this instance, yes.

7 Q Okay. And another thing that you say is that a
8 customer would be required to sign a contract
9 before you connected them. How long is the
10 contract for?

11 A (Carroll) The contract simply requires that the
12 customer put the gas service into use within a
13 period of time. But it does not obligate them
14 to use natural gas for a --

15 *[Court reporter interruption.]*

16 **CONTINUED BY THE WITNESS:**

17 A (Carroll) It does not obligate them to use
18 natural gas for any term. Just that they put
19 it into use within a certain amount of time
20 after the service is installed to the premise.

21 BY CMSR. BAILEY:

22 Q And is there any requirement to put it into
23 service for heating, rather than a stove, or --

24 A (Carroll) Yes. Our contracts provide for, in

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 all cases, residential and commercial, the
2 economic analysis that we do is based on what
3 the customer tells us they're going to use
4 natural gas for. And we make some estimate of
5 annual usage, and that's how we develop our
6 revenue projections.

7 Q So, for residential customers, what did you
8 assume?

9 A (Carroll) The heat.

10 Q Okay.

11 A (Carroll) That they would use natural gas for
12 heating.

13 Q Okay. Could somebody explain the concept of
14 the "incremental project cost"? There's a
15 footnote on Page 28, Bates Page 028, that tries
16 to explain that the overhead for construction
17 is not included. Does that mean the Company's
18 oversight of the construction, but not the
19 actual construction?

20 A (Sprague) The theory behind it is, regardless
21 of whether this project goes forward or not, we
22 have a set of overheads that get applied to all
23 of our capital projects. So, this incremental
24 amount isn't changing our overhead pool. So,

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 we don't allocate overheads to it. We continue
2 to allocate that group of overheads to the
3 other capital projects.

4 Q So, for example, the work that you're doing
5 today --

6 A (Sprague) Correct.

7 Q -- isn't included in the investment for the
8 project?

9 A (Sprague) Correct.

10 Q Okay. But the actual construction costs and
11 the management of the construction, if it's
12 approved, would be included?

13 A (Sprague) Absolutely.

14 Q Thank you. Going back to Brentwood. Did
15 you -- I assume that you did a net present
16 value, because your tariff requires that,
17 right, for the Brentwood expansion?

18 A (Carroll) That's correct.

19 Q And are the results consistent with the
20 assumptions that you made?

21 A (Carroll) We did add the customers that we
22 based the economic analysis on. The economic
23 analysis in that instance was based solely on
24 the two customers who had requested service.

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 The additional customers along the route were
2 not part of that analysis.

3 I will add that we have added customers
4 along the route, and that most of the route, to
5 get to those two customers in Brentwood, were
6 actually in the Town of Exeter, not in the Town
7 of Brentwood.

8 Q Okay. So, the Annual Report that shows only
9 four customers were added in Brentwood does not
10 necessarily indicate that you only added four
11 customers from the Brentwood project, you added
12 additional customers in Exeter?

13 A (Carroll) That's correct.

14 CMSR. BAILEY: Thank you. Okay. I
15 think that's all I have. Thanks.

16 CHAIRMAN HONIGBERG: Commissioner
17 Giaimo.

18 CMSR. GIAIMO: I'm checking, it's
19 still appropriate to say "good morning". Good
20 morning.

21 WITNESS DIGGINS: Good morning.

22 WITNESS CARROLL: Good morning.

23 WITNESS SPRAGUE: Good morning.

24 BY CMSR. GIAIMO:

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 Q Driving in today I was noticing the automobile
2 gas prices went down, are down significantly.
3 So, it prompted a question with respect to your
4 analysis. And are the current home heating oil
5 prices, which I looked online and saw were
6 between \$2.60 and \$3.00 a gallon.

7 Is that consistent with the numbers you
8 used in your analysis? And how does low oil
9 prices affect the work you did?

10 A (Carroll) I'd have to check. I know we did
11 some initial analysis based on EIA data that
12 was available, and then we were asked in
13 discovery to do some more locational specific,
14 and I believe that's in discovery and should
15 show what we used for oil prices. But I don't
16 think it was that far off from what -- I can
17 check that data request.

18 But, yes. Our growth business does
19 fluctuate with the price of energy. And so, we
20 do our best not to try to guess. But we do our
21 analysis based on the best information we have
22 available at the time.

23 Q So, you still have a high level of confidence
24 that your analysis is consistent with hitting

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 your numbers?

2 A (Carroll) Yes. I would point out that the
3 majority of the commercial customers we're
4 hoping to serve, I think it's the majority, I'm
5 fairly certain of that, are already using
6 propane gas, which also has a different price
7 in the market than fuel oil.

8 Q That's helpful. And some of the analysis it
9 looked like you did was immediately post polar
10 vortex. I'm wondering if that's a good time to
11 do a sample, and/or if you still feel like that
12 analysis is strong?

13 A (Carroll) Your point is well-taken. And I
14 think that analysis, given that it was done in
15 2014, is probably ready for freshening,
16 considering we've had a prolonged period of
17 lower oil prices than we had had during that
18 period.

19 But I still think that the analysis that
20 we did back in '14, or at least the survey
21 work, that indicated a _____ price
22 advantage, would be compelling to some
23 customers, shows that what we are doing is
24 pretty conservative.

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 CMSR. GIAIMO: Okay. And I might
2 note --

3 *[Court reporter interruption.]*

4 CMSR. GIAIMO: -- some of this
5 information is confidential, so we'll be
6 sensitive to that fact.

7 BY CMSR. GIAIMO:

8 Q Attorney Buckley piqued my curiosity. And I'll
9 go to Page 34 of the Carroll and I guess it's
10 now the Diggins testimony.

11 A (Diggins) That's correct.

12 Q And I'm looking at Lines 6 through 9:
13 "Moreover, the Company's DCF analysis
14 demonstrates that the project is expected to
15 have strong financial performance during the
16 discount period and the potential for unfair
17 cross-subsidization by other customers is very
18 low." All right. So, I understand the
19 probability of a cross-subsidy is low. But can
20 you tell us what -- can you define "unfair" in
21 that sentence?

22 And I think it gets to the question that
23 Attorney Buckley was getting at.

24 A (Diggins) Well, I think, I mean, if the project

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 does have a negative NPV, then it is
2 technically uneconomical, and would
3 potentially, I guess, harm overall
4 customers.

5 Q Uh-huh.

6 A (Diggins) But again, I'll reiterate, you
7 know, there are many projects that go on that
8 have much higher NPVs than we have
9 anticipated, some a little bit lower, some
10 higher overall.

11 Q So, you know it when you see it?

12 A (Diggins) Correct. We do our best -- we do
13 our best estimate at the time of the project.

14 Q Okay. I know that some of the forecasts are
15 done with respect to regional energy use shows
16 that the Seacoast is one of the few areas
17 actually in New England that has growth. And I
18 know you note that Epping has experienced
19 growth in the past decade.

20 Any indication on the magnitude of growth
21 going forward that you see in the Town of
22 Epping, and whether or not that provides for
23 potential future expansions and more customer
24 base?

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 A (Carroll) Our analysis did identify, you know,
2 a group of undeveloped parcels within the area.
3 So, certainly, there's still some potential.
4 It's not like the area is completely
5 constrained and built to its full zoning
6 capacity. And anecdotally, we know that there
7 is some development currently ongoing at the
8 end of 27, close -- near 125. That's just
9 something that, you know, we picked up from the
10 paper, like many other people.

11 So, we don't have any, you know, direct
12 studies or analysis that projects what that
13 growth might be. But, in our experience and
14 judgment, it looks like the area still has the
15 potential for growth.

16 Q Okay. And my last question, I believe it's
17 Mr. Frink's testimony may suggest that there's
18 not an anchor tenant. Does the Company
19 perceive there to be an anchor tenant here? Is
20 it --

21 A (Carroll) I don't, and I don't want to pretend
22 to try to speak for Mr. Frink, but I don't
23 think, under the traditional description of
24 "anchor tenant" that we've used in the past,

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 where we have a request from a specific
2 customer to bring natural gas service to them,
3 and we work to contract with that customer, and
4 then create a project from that request.

5 Q Uh-huh.

6 A (Carroll) I don't believe we have that instance
7 here.

8 CMSR. GIAIMO: All right. That's all
9 the questions I've got. Thank you.

10 CHAIRMAN HONIGBERG: Commissioner
11 Bailey, I believe you have another few.

12 CMSR. BAILEY: Thank you.

13 BY CMSR. BAILEY:

14 Q Can you tell me how long ago the provision in
15 the tariff to use the 20 years for residential
16 customers in the net present value analysis was
17 approved?

18 A (Carroll) To the best of my reconciliation, it
19 was shortly after we completed -- or, until
20 completed the purchase of Northern Utilities.

21 Q So, when was that?

22 A (Carroll) I think it was in the 2009 timeframe
23 perhaps, subject to check.

24 Q Okay. Do you think the world has changed since

[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 2009 regarding customers' opinions about gas?

2 A (Carroll) As a practical matter, I think that's
3 probably an accurate assumption.

4 Q And do you think it's possible that, in 20
5 years from now, there will be other solutions
6 that may -- that customers may prefer than gas?
7 Is that possible?

8 A (Carroll) It's possible. And it's probably
9 entirely possible that we will have the same
10 atmosphere that we have today, the
11 environment, in terms of the demand for natural
12 gas. I think both things are possible, I
13 guess.

14 Q Okay. I guess I'm struggling with whether 20
15 years is an appropriate timeframe still to do
16 the net present value analysis. Does
17 anybody have anything they want to say about
18 that?

19 A (Sprague) I think 20 years also plays into the
20 investment in equipment that residential
21 customers make. If somebody is going to go and
22 spend five, eight, ten thousand dollars on a
23 new furnace, they expect that's going to last
24 them 15 or 20 years. And usually what --

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 there's generally two things that drive a
2 customer to make a choice: (1) is their
3 equipment, and (2) is the cost of everything
4 else.

5 As of right now, in the Northeast, gas
6 tends to be the most economical way to heat. I
7 know there's a lot of other technologies out
8 there. But those technologies, because we're
9 in the Northeast, don't cover the full range of
10 temperature that we're seeing. At least not
11 yet. I'm not saying it can't within that
12 timeframe. But those residential customers
13 will tend to make their -- I think, make their
14 decision based upon the lifespan of their
15 equipment.

16 CMSR. BAILEY: Okay. Thank you.

17 CHAIRMAN HONIGBERG: I have no
18 questions for the panel that haven't already
19 been answered.

20 Just I guess I would say, picking up
21 on that, Ms. Fabrizio and Mr. Frink, when you
22 have an opportunity to present your testimony,
23 you might want to respond to Commissioner
24 Bailey's question as well.

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 Mr. Taylor, do you have further
2 questions for the panel?

3 MR. TAYLOR: I think just one
4 clarifying question for Ms. Carroll.

5 **REDIRECT EXAMINATION**

6 BY MR. TAYLOR:

7 Q Commissioner Giaimo had asked you about an
8 anchor tenant, whether there was an anchor
9 tenant in this case. Do you recall that?

10 A (Carroll) I do.

11 Q And what I understood your answer to be was
12 that an anchor tenant, in your view, is a
13 tenant -- a customer that is identified prior
14 to the filing that then helps drive the
15 economics of the filing. Is that an
16 accurate --

17 A (Carroll) Yes.

18 Q -- representation of what you were saying?

19 A (Carroll) Yes.

20 Q Okay. And though there is not a specific
21 identified anchor tenant in this filing, the
22 Company has identified a significant number of
23 potential commercial customers as prime
24 potential customers in this case, correct?

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[WITNESSES: Carroll|Diggins|LeBlanc|Sprague]

1 A (Carroll) That's correct.

2 MR. TAYLOR: Okay. I have no other
3 questions.

4 CHAIRMAN HONIGBERG: Thank you, Mr.
5 Taylor.

6 All right. I think this panel can
7 return to its collective seats.

8 Mr. Taylor, you have no additional
9 witnesses, correct?

10 MR. TAYLOR: No additional witnesses
11 today.

12 CHAIRMAN HONIGBERG: Off the record.

13 *[Brief off-the-record discussion*
14 *ensued.]*

15 CHAIRMAN HONIGBERG: We're back on
16 the record. The Town is going to present its
17 first witness. So, Mr. Ratigan, why don't you
18 proceed. Have your witness come up here to the
19 witness stand.

20 MR. TAYLOR: Just so I understand, is
21 the Town not putting Mr. Sansoucy on?

22 CHAIRMAN HONIGBERG: No. I think
23 what Mr. Ratigan said at the beginning is
24 they're going to testify separately.

[WITNESS: Munguia]

1 MR. RATIGAN: That's correct.

2 CHAIRMAN HONIGBERG: Mr. Patnaude.

3 (Whereupon **Adam Munguia** was duly
4 sworn by the Court Reporter.)

5 CHAIRMAN HONIGBERG: Mr. Ratigan.

6 MR. RATIGAN: Thank you.

7 **ADAM MUNGUIA, SWORN**

8 **DIRECT EXAMINATION**

9 BY MR. RATIGAN:

10 Q Mr. Munguia, could you please state your full
11 name.

12 A My name is Adam Munguia. I live at 14 Hickory
13 Hill Road, in Epping, New Hampshire. And I am
14 the Chairman of the Board of Selectmen for the
15 Town of Epping.

16 Q And do you have before you the portion of
17 Exhibit 4 that relates to your prefiled
18 testimony and the attachments that were filed
19 with your prefiled testimony?

20 A I do.

21 Q And do you have any changes or corrections to
22 your prefiled testimony today?

23 A I do not.

24 Q And do you agree that, if you were asked

[WITNESS: Munguia]

1 questions about your prefiled testimony today,
2 you would give the same answers as you did in
3 your original prefiled testimony?

4 A Yes, I would.

5 MR. RATIGAN: I have nothing else for
6 this witness.

7 CHAIRMAN HONIGBERG: Mr. Sheehan, do
8 you have questions for Mr. Munguia?

9 MR. SHEEHAN: I do not. Thank you.

10 CHAIRMAN HONIGBERG: Mr. Buckley?

11 MR. BUCKLEY: Just one or two
12 questions, very briefly.

13 **CROSS-EXAMINATION**

14 BY MR. BUCKLEY:

15 Q Mr. Munguia, can you describe to me the tax
16 base of the Town of Epping, a ballpark
17 number?

18 A Oh, a ballpark number? Absolutely. We have
19 part of the budget for both components of the
20 town and the school, if you want those
21 together?

22 Q Sure.

23 A Okay. Roughly, this year, the school portion
24 came in at around 19.5 million, and the town

[WITNESS: Munguia]

1 portion came in at about 8.5 million, for a
2 total of about, you know, 29 and \$30 million.

3 Q And can you tell me approximately how much in
4 property taxes the proposed Granite Bridge
5 Project would mean for the Town?

6 A I can not. We have estimates that have been
7 given to us.

8 Q That would be helpful.

9 A I believe some of these estimates that were
10 given to us by Liberty Utilities -- I'm sorry,
11 let me back up a little. The question about
12 the Granite Bridge Project, is that --

13 Q Yes.

14 A Okay. They estimated somewhere between 6.5 and
15 \$7 million additional tax base from the
16 project. However, through the other
17 calculations that the Town did itself, there
18 was things that were not specifically to the
19 Town. So, the estimation is about 4.5 -- \$4.5
20 to \$5 million, that we can say genuinely, if
21 everything else is the same, yes, because there
22 were, like I said, items in that estimation
23 that were not for the Town, county and other
24 taxes.

[WITNESS: Munguia]

1 MR. BUCKLEY: Thank you, Mr. Munguia.
2 Nothing further.

3 WITNESS MUNGUIA: Thank you.

4 CHAIRMAN HONIGBERG: Ms. Fabrizio, do
5 you have questions for Mr. Munguia?

6 MS. FABRIZIO: No, we do not.

7 CHAIRMAN HONIGBERG: Okay.

8 Mr. Taylor.

9 MR. TAYLOR: Good morning, Mr.
10 Munguia.

11 WITNESS MUNGUIA: Good morning, Mr.
12 Taylor.

13 MR. TAYLOR: I have an exhibit that
14 I'd like to provide to the witness and to the
15 Commission.

16 *[Atty. Taylor distributing*
17 *documents.]*

18 CHAIRMAN HONIGBERG: This is going to
19 be "12".

20 MS. DENO: Correct.

21 (The document, to be described,
22 was herewith marked as

23 **Exhibit 12** for identification.)

24 BY MR. TAYLOR:

[WITNESS: Munguia]

1 Q Mr. Munguia, Exhibit 12 that I provided to you
2 is titled a "Host Community Agreement", is that
3 correct?

4 A That is correct.

5 Q And this was provided in response to the Town's
6 response to Unitil's Discovery Request 1-6,
7 correct?

8 A I can't answer that question, I'm not sure.
9 Was it, Mr. Ratigan?

10 CHAIRMAN HONIGBERG: Mr. Munguia,
11 just answer what you know.

12 **BY THE WITNESS:**

13 A I do not know the answer to that question.

14 BY MR. TAYLOR:

15 Q Okay. Fair enough. Mr. Munguia, if you could
16 go to Page 3 of this document. It shows that
17 you signed this as the Chairman of the Board of
18 Selectmen, correct?

19 A That is correct.

20 Q And so, it's fair to say that you're familiar
21 with this Agreement, correct?

22 A I am familiar with the Agreement, yes.

23 Q And it appears that this was entered on or
24 executed on the 6th day of June of 2018, is

[WITNESS: Munguia]

1 that correct?

2 A That is correct.

3 Q Which is the day after Unutil filed its
4 Petition in this case, correct?

5 A If they filed their Petition on the 5th, yes.
6 I'm not entirely sure of when that was filed.
7 This was filed on the 6th.

8 Q Mr. Munguia, on Page 1, if you could go down to
9 the third paragraph that begins "Whereas".
10 It's about halfway down the page.

11 A Yes.

12 Q And this says "Liberty supported Epping's
13 intervention in Liberty's N.H. PUC Docket
14 Number 17-198 filing, in recognition that
15 Epping will be the host community for the
16 Granite Bridge LNG facility, and that the
17 Granite Bridge Project may well present the
18 opportunity for Liberty to supply natural gas
19 to prospective Epping customers in the vicinity
20 of Route 125/Route 101 highway intersection."
21 Have I read that correctly?

22 A Yes, you did.

23 Q If you could now reference the last paragraph
24 on this page. And this indicates that Epping's

[WITNESS: Munguia]

1 participation in proceedings before the N.H.
2 PUC and the N.H. Site Evaluation Committee, "as
3 suggested by Liberty will have legal and
4 engineering review expenses that would not
5 otherwise be incurred by Epping". Is that
6 correct?

7 A That is correct.

8 Q If you go to Page 2, numbered paragraph 1.

9 A Yes.

10 Q This states "Liberty shall work cooperatively
11 with Epping in the PUC proceedings to help
12 Epping understand and plan for the introduction
13 of natural gas service in Epping, understand"
14 -- I'm sorry, and "the implications of
15 awarding a natural gas franchise in Epping, and
16 how to most cost" -- "how to most
17 cost-effectively offer such natural gas service
18 such that it becomes a viable option for Epping
19 businesses and residents." Have I read that
20 correctly?

21 A That is correct.

22 Q If you can move down to numbered paragraph 3.
23 It states that "Liberty acknowledges that the
24 cooperative undertakings outlined above will

[WITNESS: Munguia]

1 require legal service expenses to be incurred
2 by Epping before the N.H. PUC." Have I read
3 that correctly?

4 A That is correct.

5 Q And finally, if you could go down to numbered
6 paragraph 4, this states "Liberty agrees to
7 reimburse Epping for its reasonable legal and
8 other related costs of participating in the
9 N.H. PUC and N.H. SEC dockets." Correct?

10 A That is correct.

11 MR. TAYLOR: I'd like to approach the
12 witness with three additional exhibits, if I
13 may?

14 CHAIRMAN HONIGBERG: Go ahead.

15 *[Atty. Taylor distributing*
16 *documents.]*

17 MS. DENO: This is 13?

18 MR. TAYLOR: Yes. Thirteen.

19 CHAIRMAN HONIGBERG: Thirteen.

20 (The documents, to be described,
21 were herewith marked as
22 **Exhibit 13, Exhibit 14,** and
23 **Exhibit 15,** respectively, for
24 identification.)

[WITNESS: Munguia]

1 BY MR. TAYLOR:

2 Q Mr. Munguia, before actually asking about these
3 exhibits, could you confirm, the Town has, in
4 fact, sought reimbursement from Liberty for
5 costs and expenses incurred in drafting and
6 issuing the RFP that you've relied on, is that
7 correct?

8 A That is correct.

9 Q And looking at Exhibit 12, that's confirmed in
10 the Company's response to number 4.c?

11 CHAIRMAN HONIGBERG: Do you mean
12 "Exhibit 13"?

13 MR. TAYLOR: Exhibit 13, my
14 apologies.

15 WITNESS MUNGUIA: Exhibit 13 being
16 which one? I don't have numbers on these guys.

17 BY MR. TAYLOR:

18 Q I'm sorry. Exhibit 13, at the top it's
19 numbered paragraph "4", it says "Reference the
20 Host Agreement".

21 A Okay. Yes.

22 Q And if you were to look at 4.c, which is down
23 the middle of the page, this is the Town's
24 confirmation that it has sought reimbursement

[WITNESS: Munguia]

- 1 from Liberty, and will seek reimbursement from
2 Liberty, for any costs or expenses incurred in
3 the drafting or issuance of the RFP, correct?
- 4 A According to this, yes.
- 5 Q Mr. Munguia, please refer to Exhibit 14. This
6 is the letter on DTC letterhead.
- 7 A Yes. I see it.
- 8 Q And this is a letter from your Town Counsel.
9 John Ratigan, to counsel for Liberty Utilities,
10 correct?
- 11 A Yes, it is.
- 12 Q Okay. And it requests "Per our discussions and
13 the terms of the Host Community Agreement" that
14 Liberty pay the \$24,000 bill from
15 Mr. Sansoucy's RFP analysis and approximately
16 7,600 for legal services performed by the
17 Donahue Tucker firm, is that correct?
- 18 A That is correct.
- 19 Q And in fact, if you look at the second
20 paragraph, this letter requests that Liberty
21 Utilities pay Mr. Sansoucy \$24,000 directly
22 for his work analyzing the RFP, is that
23 correct?
- 24 A Correct.

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[WITNESS: Munguia]

1 CHAIRMAN HONIGBERG: Mr. Taylor, can
2 you circle back to 13 for a minute? Because I
3 think that the witness -- the witness didn't
4 give you a full answer to that question. And
5 I'm not sure, I mean, I think I know what 13
6 is. But I don't think the record is clear on
7 what 13 is. It just looks like part of
8 something else. And I think all the witness
9 gave you was "it appears to say what you just
10 said". So, what is 13?

11 MR. TAYLOR: Thank you, Commissioner.
12 I'll be more clear about that. Thirteen (13)
13 is the Town's response to Unitil's Data Request
14 2-4 in this docket that --

15 CHAIRMAN HONIGBERG: You want to
16 confirm that with the witness.

17 BY MR. TAYLOR:

18 Q Mr. Munguia.

19 A Yes, sir.

20 Q Mr. Munguia, I guess maybe first, as a
21 foundational question, did you assist in the
22 preparation of data request responses from the
23 Town to Unitil?

24 A I did not.

[WITNESS: Munguia]

1 Q Do you know who from the Town -- you are the
2 Town witness, correct?

3 A Correct.

4 Q And do you know who from the Town is the
5 sponsor of the Town's responses to data
6 requests in this docket?

7 A Those went through our legal counsel. The
8 Board of Selectmen reviewed it. But that goes
9 through our legal --

10 CHAIRMAN HONIGBERG: Let me see if I
11 can shortcut this. Mr. Ratigan, do you agree
12 that Exhibit 13 is an excerpt from the Town's
13 responses to data requests from Northern?

14 MR. RATIGAN: Yes.

15 CHAIRMAN HONIGBERG: Okay. Thank
16 you.

17 MR. TAYLOR: That's helpful.

18 CHAIRMAN HONIGBERG: I think you
19 don't need to do anything further, Mr. Taylor.
20 Thank you.

21 MR. TAYLOR: Fair enough.

22 BY MR. TAYLOR:

23 Q By referring to Exhibit 15, this is an invoice
24 for \$24,000, from Mr. Sansoucy to the Town, for

[WITNESS: Munguia]

1 his Gas Franchise RFP Analysis, is that
2 correct?

3 A That is correct.

4 Q And it's fair to say that this is not an
5 itemized invoice showing hourly rates, hours
6 actually worked, how his time was spent,
7 *etcetera*?

8 A That is correct.

9 Q And the Town has also sought reimbursement for
10 all of its attorneys fees incurred in
11 connection with the RFP and from the Town's
12 intervention and participation in this docket,
13 correct?

14 A That is correct.

15 Q Is it fair to say that the Town will continue
16 to seek reimbursement from Liberty for legal
17 expenses incurred in connection with this
18 docket?

19 A It's fair to say that the Town will hold the
20 Host Community Agreement that we've signed and
21 live up to the expectations within this Host
22 Community Agreement, yes.

23 Q Thank you. Mr. Munguia, Mr. Sansoucy's
24 recommendation in his report to the Town is

[WITNESS: Munguia]

1 based on criteria developed by, among others,
2 the Epping Board of Selectmen, is that correct?

3 A Can you ask that question one more time please?

4 Q I'm sorry. Are you familiar with the RFP
5 Analysis Report that Mr. Sansoucy submitted to
6 the Town?

7 A Yes, I am.

8 Q Okay. And Mr. Sansoucy's recommendation in
9 that report is based upon criteria developed
10 by, among others, the Epping Board of
11 Selectmen, is that correct?

12 A Yes. I guess you could say that, yes.

13 MR. TAYLOR: I'm going to approach
14 the witness with an exhibit.

15 CHAIRMAN HONIGBERG: Uh-huh.

16 *[Atty. Taylor distributing*
17 *documents.]*

18 CHAIRMAN HONIGBERG: This is
19 Exhibit 16.

20 (The document, to be described,
21 was herewith marked as

22 **Exhibit 16** for identification.)

23 BY MR. TAYLOR:

24 Q Mr. Munguia, in light of an earlier exchange we

[WITNESS: Munguia]

1 had, I'm going to represent to you that this is
2 the Town's response to Unitil's Discovery
3 Request Number 1-17.

4 MR. TAYLOR: And I don't know if the
5 Commission wants to ask Attorney Ratigan to
6 verify that or not?

7 CHAIRMAN HONIGBERG: It may not be
8 necessary. It depends on what you're going to
9 ask.

10 MR. TAYLOR: I just want to, for the
11 record, I want to confirm what it is through
12 the witness.

13 CHAIRMAN HONIGBERG: Okay. Mr.
14 Munguia, do you know what this document is?

15 WITNESS MUNGUIA: I do not. It's
16 Page 18 of 23, sir.

17 CHAIRMAN HONIGBERG: And do you want
18 to rely on it in some way, beyond what you've
19 already gotten from the witness?

20 MR. TAYLOR: No. I'm going to ask
21 him a question based upon this.

22 CHAIRMAN HONIGBERG: So, you need
23 Mr. Ratigan's assistance? I think you do.

24 Mr. Ratigan, is this a response --

[WITNESS: Munguia]

1 one of the Town's responses to the data
2 requests?

3 MR. RATIGAN: I believe it is.

4 MR. TAYLOR: My apologies. I'm
5 accustomed to getting these in through the
6 witnesses.

7 BY MR. TAYLOR:

8 Q So, the criteria -- actually, let me take a
9 moment just to review this response, Mr.
10 Munguia.

11 And as a member of the Board of Selectmen,
12 you would have reviewed this response prior to
13 the time that it was returned to the Company,
14 is that correct?

15 A That is correct.

16 Q Okay. And this says that the criteria
17 developed by Mr. Sansoucy -- or, with the
18 criteria developed by the Town were
19 communicated to Mr. Sansoucy's office on
20 October 22nd, 2018. Is that correct?

21 A That is correct.

22 Q And his report was issued eight days later, on
23 October 31st, 2018, correct?

24 A I would have to say that is correct, a short

[WITNESS: Munguia]

1 turnaround time.

2 Q Thank you. And I have just one more question.
3 The Town of Epping has not taken a position on
4 Liberty's Granite Bridge Project or the Granite
5 Bridge LNG tank to be located in Epping, is
6 that correct?

7 A That is correct.

8 MR. TAYLOR: I have no further
9 questions for Mr. Munguia.

10 CHAIRMAN HONIGBERG: Commissioner
11 Bailey.

12 BY CMSR. BAILEY:

13 Q Exhibit 15, which is the invoice from
14 Mr. Sansoucy, I think you testified that that
15 was for the Gas RFP Analysis?

16 A Yes. Gas Franchise RFP Analysis, yes, ma'am.

17 Q Okay. Will there be another invoice for the
18 development of his testimony in this
19 proceeding?

20 A We anticipate that there will be another bill
21 coming to the Town based on his appearance here
22 today, yes.

23 Q Okay. So, based on his written testimony and
24 his appearance today?

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[WITNESS: Munguia]

1 A That is correct.

2 Q And another invoice that Liberty would pay for
3 Mr. Ratigan's appearance today?

4 A If there is, yes. That would be a "yes".

5 Q Okay. Is there any payment that Liberty is
6 expected to make for your appearance?

7 A No, ma'am.

8 Q Okay. Now, based on the public comment letter
9 that we have from Doug Richardson, Vice
10 President of Development for Waterstone
11 Properties, do you know that person?

12 A I do not know him, ma'am.

13 Q Okay. The comment says that he represents
14 Waterstone Properties, that "developed, owns,
15 and manages the 250,000 square foot Brickyard
16 Square Mall Retail Center at the intersection
17 of 101 and 125". Are you familiar with that
18 property?

19 A I'm very familiar with that, Commissioner.

20 Q Okay. And the bottom line of this says that
21 "Waterstone Properties strongly supports
22 Northern's request to provide gas service to
23 Epping."

24 A It does.

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[WITNESS: Munguia]

1 Q Yes. You weren't familiar with that?

2 A I was not aware of that.

3 Q You were not aware of that. Okay. So, I don't
4 know if you can answer my question about this.
5 But is it your position that it would be better
6 for Waterstone Properties to wait for three
7 years, so that the Town can get gas service
8 from Liberty?

9 A It is our contention that the best of the two
10 proposals, if all things were apples-to-apples,
11 the Liberty Utilities proposal was superior.
12 But, not having the insight as this Public
13 Utilities Commission goes, that comparison, I
14 would confess, is not apples-to-apples.

15 Q Okay. And then, just one clarification
16 question. You said that the Town, in response
17 to Mr. Buckley's question, you said that the
18 Town would receive -- well, this is -- I don't
19 know what you meant. In reference to the 4.5
20 to \$5 million, is that revenue that the Town
21 would receive or is that the tax base upon
22 which the tax would be applied?

23 A That, according to the estimates given to us,
24 by the presentations given to us by Liberty

[WITNESS: Munguia]

1 Utilities, the cost -- that is taxes coming
2 directly to the Town based on the property
3 value of that LNG storage facility in its
4 entirety.

5 Q Okay. So, the Town will receive an additional
6 four and a half to five million dollars a year
7 in tax revenue, if Granite Bridge is built?

8 A According to what we're being told.

9 Q Okay.

10 A If nothing changes.

11 Q Okay.

12 BY CHAIRMAN HONIGBERG:

13 Q All Commissioner Bailey is trying to do,
14 something I wanted to make sure I understood as
15 well, that number is receipts, expected
16 receipts, predicted receipts, not additional
17 tax base?

18 A Correct.

19 Q The additional tax base is going to be much
20 larger to generate those dollars, right?

21 A That is correct.

22 CHAIRMAN HONIGBERG: Okay.

23 CMSR. BAILEY: Thank you. That's all
24 I had for questions.

[WITNESS: Munguia]

1 WITNESS MUNGUIA: Thank you.

2 CHAIRMAN HONIGBERG: Commissioner
3 Giaimo.

4 CMSR. GIAIMO: Good afternoon.

5 WITNESS MUNGUIA: Good afternoon,
6 Commissioner.

7 CMSR. GIAIMO: Thank you for being
8 here. I'm sure you took time off from work to
9 be here. So, thank you.

10 WITNESS MUNGUIA: Thank you for
11 having me.

12 BY CMSR. GIAIMO:

13 Q So, what I heard was that the Town prefers the
14 Liberty proposal over Northern's proposal?

15 A That is correct.

16 Q If there were no Liberty proposal, would the
17 Town support Northern?

18 A If there were no Liberty proposal? If we had
19 one choice only?

20 Q Right.

21 A Absolutely. As far as the Board of Selectmen
22 is concerned, new energy coming into the town
23 is something --

24 *[Court reporter interruption.]*

[WITNESS: Munguia]

1 **CONTINUED BY THE WITNESS:**

2 A -- is concerned, yes, new energy
3 infrastructures that are going to happen are
4 beyond our purview, you know what I mean?
5 That, yes, absolutely.

6 CMSR. GIAIMO: Thank you. That's all
7 the questions I have.

8 CHAIRMAN HONIGBERG: I have no
9 questions that haven't already been answered.

10 Mr. Ratigan, do you have any further
11 questions for Mr. Munguia?

12 MR. RATIGAN: Yes, I do.

13 **REDIRECT EXAMINATION**

14 BY MR. RATIGAN:

15 Q In response to several questions from the
16 Company's attorney, you had indicated that, in
17 the first instance, you thought that I was --
18 you know, that my time here today was going to
19 be paid for by Liberty under the terms of the
20 reimbursement agreement. And then over a
21 follow-up question, you asked -- you answered
22 that the Host Community Agreement would be the
23 controlling document that would govern how
24 expenses are paid. Is that correct?

[WITNESS: Munguia]

1 A That is correct.

2 Q Okay.

3 CHAIRMAN HONIGBERG: Mr. Ratigan,
4 microphone.

5 MR. RATIGAN: Yes. I will represent
6 to you that the agreement speaks to
7 reimbursement relating to the RFP. It does not
8 cover my time here. And I want the Commission
9 to understand that. The witness is being very
10 helpful. But it is a complicated agreement.
11 And there is no reimbursement for my time
12 attending these proceedings that's being paid
13 by the -- by Liberty.

14 MR. TAYLOR: I object to the
15 statement by Mr. Ratigan, which is not a
16 question. It was more in the nature of
17 testimony by Mr. Ratigan.

18 CHAIRMAN HONIGBERG: Yes.

19 MR. TAYLOR: So, I object and I think
20 it ought to be stricken.

21 CHAIRMAN HONIGBERG: Yes.

22 Mr. Ratigan, I think you can probably ask the
23 witness a couple of questions that will have
24 the effect of what it is you want to do,

[WITNESS: Munguia]

1 because I agree with Mr. Taylor. I think you
2 need to establish what you can establish with
3 the witness.

4 MR. RATIGAN: Thank you.

5 BY MR. RATIGAN:

6 Q Mr. Munguia, do you have a complete mastery of
7 the Host Community Agreement and its -- and its
8 terms?

9 A I do not. Not as far as related to this
10 billing.

11 Q Right. And having heard what I've just said,
12 do you accept the representation of your legal
13 counsel, that if your legal counsel says
14 they're not getting paid for something, that
15 that's probably the case?

16 MR. TAYLOR: I object to the question
17 the way it's asked. It's testimony, he's
18 testifying.

19 CHAIRMAN HONIGBERG: There's got to
20 be a better way to do this.

21 MR. RATIGAN: Maybe counsel for the
22 Company can agree to the offer of stipulation
23 that I'm willing to make on the record that I'm
24 not being paid to be here.

[WITNESS: Munguia]

1 CHAIRMAN HONIGBERG: What we're going
2 to do -- what we're going to do is go off the
3 record for a minute.

4 *(Off the record discussion*
5 *ensued.)*

6 CHAIRMAN HONIGBERG: All right.
7 We're going to go back on the record.
8 Mr. Ratigan?

9 MR. RATIGAN: Yes.

10 CHAIRMAN HONIGBERG: Without
11 testifying and leading your witness too much, I
12 mean, I know the Rules of Evidence don't apply
13 here.

14 MR. RATIGAN: Yes.

15 CHAIRMAN HONIGBERG: But there's a
16 way for you to ask questions that will get, I
17 think, the best rehabilitation you can get out
18 of this situation from your witness.

19 BY MR. RATIGAN:

20 Q Mr. Munguia, do you have an understanding
21 whether Liberty's commitment to make --
22 reimburse the Town for its expenses are limited
23 to the RFP and to the work that was done by
24 Sansoucy and the Town's legal counsel in

[WITNESS: Munguia]

1 preparing and reviewing those documents?

2 A Yes -- can you ask that question one more time?

3 Q Yes. Yes. Do you have an understanding
4 whether Liberty's obligation to reimburse under
5 the Host Community Agreement was limited to the
6 preparation of the RFP and the review of the
7 RFP submittals by Sansoucy's office and related
8 legal expenses incurred by our office in
9 advising the Town on the RFP?

10 MR. TAYLOR: I object. I think it's
11 a leading question.

12 CHAIRMAN HONIGBERG: It certainly is.
13 But you can answer, Mr. Munguia.

14 **BY THE WITNESS:**

15 A Yes. Yes, I am.

16 BY MR. RATIGAN:

17 Q And there's a second component of the
18 reimbursement obligation that hasn't
19 occurred -- hasn't occurred to date, and that
20 relates to the Granite Bridge application.
21 There has been some attendance by our office at
22 the Granite Bridge hearings. We have sought
23 reimbursement for that. It was modest. And
24 when this proceeding, if it proceeds after the

[WITNESS: Munguia]

1 PUC hearing and goes onto the Site Evaluation
2 Committee, do you have an understanding whether
3 those costs will be covered as well?

4 A If they are related to the Granite Bridge
5 Project, yes.

6 Q And is that the extent of your understanding of
7 how the reimbursements of the Town's expenses
8 are to occur?

9 A Absolutely. Yes.

10 MR. RATIGAN: I have nothing further.

11 CHAIRMAN HONIGBERG: Thank you, Mr.
12 Munguia.

13 WITNESS MUNGUIA: Thank you.

14 CHAIRMAN HONIGBERG: Mr. Taylor.

15 MR. TAYLOR: Well, I think I ought to
16 have an opportunity for some limited recross of
17 Mr. Munguia, because some additional
18 information was introduced into the record
19 after I asked my questions.

20 CHAIRMAN HONIGBERG: If you were
21 permitted to proceed, what would you want to
22 ask?

23 MR. TAYLOR: Well, I had refrained
24 from entering some legal bills into the record

[WITNESS: Munguia]

1 in my initial cross, because I didn't think
2 they were necessary. Now, it appears that they
3 may be.

4 And so, if the Commission were to
5 permit me a moment to identify the page that I
6 need to identify and put that exhibit in the
7 record, I would do so.

8 CHAIRMAN HONIGBERG: So, it's your
9 position that you have documents that would
10 support the testimony that you originally
11 elicited from the witness. And you're
12 concerned that the record isn't clear, and so
13 you want to get those documents in?

14 MR. TAYLOR: That is correct.

15 CHAIRMAN HONIGBERG: You may proceed.

16 MR. TAYLOR: If I may, may I have
17 just a moment to --

18 CHAIRMAN HONIGBERG: Uh-huh.

19 *(Short pause.)*

20 MR. TAYLOR: I think the easiest way
21 to do this is just to ask a follow-up question
22 based on an exhibit of ours.

23 CHAIRMAN HONIGBERG: You may proceed.

24 **REXCROSS-EXAMINATION**

[WITNESS: Munguia]

1 BY MR. TAYLOR:

2 Q Mr. Munguia, if you could please reference
3 Exhibit 13.

4 A Yes, sir. Yes, sir.

5 Q And if you look at the top, it says "Reference
6 the Host Community Agreement dated June 6,
7 2018", correct?

8 A Yes.

9 Q Okay. And if you were to turn to the back
10 side. And the question is "Has the Town
11 sought, or will it be seeking, reimbursement
12 from Liberty for any of its legal or other
13 costs (including, but not limited to costs for
14 engineers, other professionals or witnesses)
15 incurred as a result of the Town's
16 intervention, participation and submission of
17 testimony in N.H. PUC Docket DG 18-094?" Did I
18 read that question correctly?

19 A You did. Yes.

20 Q And the Town's answer was "Yes", correct?

21 A Yes. That's correct.

22 MR. TAYLOR: No further questions.

23 CHAIRMAN HONIGBERG: All right.

24 Thank you, Mr. Munguia. I think you can

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1 probably just stay there for now.

2 What we're going to be doing now is
3 breaking for lunch. We'll be coming back at
4 1:30. And at that point, we'll hear from the
5 rest of the Town's witnesses, and then from
6 Staff's witnesses.

7 With that, we will adjourn.

8 **(Lunch recess taken at 12:19**
9 **p.m., and the hearing continues**
10 **under separate cover in the**
11 **transcript noted as "Afternoon**
12 **Session ONLY".)**

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