

STATE OF NEW HAMPSHIRE
BEFORE THE ENERGY FACILITY SITE EVALUATION COMMITTEE

Docket No. 08-_____

Application of Tennessee Gas Pipeline Company for a Certificate of Site and Facility

TESTIMONY OF MICHAEL STOKDYK ON BEHALF OF
TENNESSEE GAS PIPELINE COMPANY

1 **Q. Please state your name, title and business address for the record.**

2 A. My name is Michael Stokdyk. I am a Manager of Business Development for
3 Tennessee Gas Pipeline Company. My business address is 1001 Louisiana Street, Houston,
4 Texas 77002.

5 **Q. By whom are you currently employed and in what capacity?**

6 A. My current employer is Tennessee Gas Pipeline Company, a corporation
7 organized and existing under the laws of Delaware with its principal place of business located at
8 1001 Louisiana, Houston, Texas 77002 ("Tennessee"). Tennessee is a natural gas transmission
9 company engaged in the business of storing and transporting natural gas in interstate commerce,
10 under authorizations granted by and subject to the jurisdiction of the Federal Energy Regulatory
11 Commission. Tennessee is authorized to conduct business as a foreign corporation in the states
12 of Texas, Louisiana, Arkansas, Mississippi, Alabama, Tennessee, Kentucky, West Virginia,

1 Ohio, Pennsylvania, New York, New Jersey, Massachusetts, New Hampshire, Rhode Island, and
2 Connecticut.

3 Since 1995, I have served as a Manager of Business Development for Tennessee. In that
4 position I have overall responsibility for developing interstate natural gas infrastructure
5 including pipelines, compression, attachments, and storage.

6 **Q. Would you briefly summarize your educational background and**
7 **employment experience in the natural gas industry.**

8 A. I graduated from Texas A&M University with a Bachelor of Science in
9 Mechanical Engineering. I earned a Master of Business Administration from the University of
10 Houston.

11 Prior to my current position, I held a diverse array of positions in the pipeline industry
12 including International, Strategic Planning, Facilities Planning, Engineering and Field
13 Operations. In addition to Tennessee Gas Pipeline, I worked on ANR Pipeline, Midwestern Gas
14 Transmission Co., and East Tennessee Natural Gas. Prior to my work on those gas pipelines, I
15 also worked for Amoco on their oil pipeline system.

16 **Q. In what capacity are you testifying today?**

17 A. I am here today to represent the Applicant, Tennessee Gas Pipeline Company.
18 before the Energy Facility Site Evaluation Committee (“EFSEC” or “Committee”).

19 **Q. Please summarize the purpose of your testimony before the Committee.**

20 A. The purpose of my testimony is to provide background on Tennessee’s technical,
21 managerial, and financial capabilities and to offer an overview of the proposed improvements to
22 the Concord Lateral that are the subject of this Application (the “Project”). In describing the
23 improvements, my testimony includes a discussion of the available alternatives that were

1 considered and explains why the Project is consistent with the state energy policy. The
2 testimony of Charles Malcolm explains how the Project will not unduly interfere with the orderly
3 development of the region and why it will not have an unreasonable adverse effect on aesthetics,
4 historic sites, air and water quality, the natural environment, and public health and safety.

5 It is my understanding that under New Hampshire law the Committee has the statutory
6 responsibility to oversee construction and operation of energy facilities in New Hampshire,
7 pursuant to RSA 162-H. The purpose of RSA 162-H is to provide a mechanism for a single,
8 integrated review of applications to construct and operate energy facilities. In certain
9 circumstances, such as this Project, energy facilities also come under the jurisdiction of the
10 Federal Energy Regulatory Commission ("FERC").

11 On January 29, 2008, Tennessee filed an application with FERC pursuant to Section 7(c)
12 of the Natural Gas Act, 15 U.S.C. § 717f(c) and the Commission's regulations, 18 CFR Sections
13 157.5 et seq., for a certificate of public convenience and necessity to construct, own, and operate
14 the Project. FERC assigned Docket Number CP08-65 to Tennessee's application. Although
15 FERC is the primary regulator and ultimate authority for most aspects of the Project, and without
16 waiving any rights under federal law, Tennessee seeks a Certificate of Site and Facility
17 ("Certificate"), under the provisions of RSA 162-H (including all necessary state agency
18 permits) to construct, operate, and maintain the Project.

19 **Q. Does Tennessee have the technical, managerial, and financial capability to**
20 **ensure operation of the Project will be in continued compliance with RSA 162-H and the**
21 **terms and conditions of any Certificate to be issued?**

22 A. Yes. Tennessee has the technical, managerial, and financial capability to ensure
23 that the construction and operation of the Project meets or exceeds all applicable laws and other

1 standards, including those that may be contained in the RSA 162-H Certificate to be issued by
2 the Committee.

3 Tennessee operates approximately 14,700 miles of pipelines, and 1.4 million horsepower
4 of compression within the United States and has developed substantial experience and expertise
5 in designing, constructing, operating, and maintaining natural gas transmission facilities.

6 Tennessee has operated successfully in New Hampshire for over fifty years with the construction
7 of its Line 200 system, the Concord Lateral system (“Concord Lateral”), transporting natural gas
8 from Dracut, Massachusetts, into southern New Hampshire. This system was originally
9 constructed in 1951 and upgraded in the 1980s, the early 1990s, and 2001. It has an exemplary
10 safety record without incidents associated with pipeline operations.

11 Tennessee personnel will provide overall Project management for the engineering and
12 construction design of the Project. Construction of the facilities will be performed by qualified
13 independent contractors who will be selected through a bidding process. Tennessee (and/or its
14 contractors) will supervise construction utilizing an inspection team that that possesses “stop
15 work” authority to ensure that the Project is conducted in accordance with all applicable laws,
16 rules, certificates, and standards.

17 Tennessee’s revenues are generated under natural gas transportation and storage
18 contracts. FERC regulates the rates Tennessee can charge its customers. Those rates are
19 generally a function of the cost of providing services to its customers, including a reasonable
20 return on its invested capital. Because of this regulated nature, revenues have historically been
21 relatively stable. For the year ended December 31, 2007, operating revenues for Tennessee were
22 \$862 million and net income was \$153 million.

1 The Project is expected to cost approximately \$20,000,000. Tennessee will finance the
2 Project with funds on hand, funds generated internally, borrowing under revolving credit
3 agreements or short-term financing that will be rolled into permanent financing.

4 **Q. Please describe the improvements that are planned for the Concord Lateral?**

5 A. Tennessee plans to construct a new compressor station (“Compressor Station”),
6 designated as Station 270B1, in Pelham, Hillsborough County, New Hampshire, on Tennessee’s
7 Line 270B-100 within the Concord Lateral system. A 6,130 horsepower turbine driven
8 centrifugal compressor unit, fueled by natural gas, will be installed inside a new unit control
9 building. Associated facilities include an emergency electrical power generator and a domestic
10 gas building. The site, which is owned by Tennessee, consists of 11.6 acres. The area
11 containing the compressor building and associated facilities will be fenced in and protected by
12 other security measures.

13 To accommodate the increased capacity created by the new compressor station,
14 Tennessee also plans to modify station piping at its existing Laconia Meter Station (“Meter
15 Station”) located in Concord, Merrimack County, New Hampshire. The existing Meter Station
16 is comprised of two measuring facilities -- the Concord measuring facility and the Laconia
17 measuring facility. Tennessee proposes to replace a total of approximately sixty feet of existing
18 six-inch and four-inch pipe from Line 273C-100 to the Concord Measuring facility with twelve-
19 inch pipe. Additionally, existing six-inch piping within the Meter Station will be reconfigured
20 and re-connected between Lines 273C-100 and 270B-100 to serve as a tie-over line to ensure
21 continued service in the event of outages on the primary line. The Meter Station is located
22 within a fenced area in Concord and occupies 0.50 acres.

1 Construction of the Compressor Station and the improvements to the Meter Station
2 constitute the scope of the Project that is the subject of the Application. Tennessee will own,
3 operate, and maintain the facilities constructed in this Project. Construction for the new
4 compressor station in Pelham and upgrades to the existing Laconia Meter Station are scheduled
5 to commence in the spring of 2009 with a proposed in-service date of November 1, 2009.

6 **Q. How is the Project consistent with New Hampshire's energy policy?**

7 A. The Project meets the energy needs of the citizens and businesses of the state at
8 the least cost while providing reliable and diverse energy resources. To meet growing demand
9 in New England, Energy North Natural Gas, Inc., d/b/a/ KeySpan Energy Delivery New England
10 ("Energy North"), a New Hampshire corporation, entered into an agreement ("Agreement") with
11 Tennessee that will allow Tennessee to provide incremental capacity of natural gas to the region.
12 The Agreement was approved by the NH Public Utilities Commission in docket DG 07-101 by
13 Order No. 24,825 dated February 29, 2008. The Project will enable Tennessee to deliver an
14 additional 30,000 Dth/day of capacity, which will increase the reliability of the state's energy
15 supply. This increase in capacity will increase the availability of natural gas to New Hampshire
16 citizens and businesses. Increased reliance on natural gas instead of other fossil fuels will help
17 contribute to the overall improvement of the air quality, thereby contributing to the protection of
18 the safety and health of New Hampshire citizens.

19 **Q. What other alternatives to the Project were considered to provide**
20 **incremental capacity to the region?**

21 A. A No-Action Alternative was considered but determined not to be feasible
22 because it could result in energy shortages in times of peak demand. It would also likely
23 contribute to greater consumption of alternative fuels such as oil or coal with greater

1 environmental impact. If no action were taken, other natural gas companies might increase their
2 capacity to meet consumer demand by constructing new facilities in different locations, thereby
3 transferring impacts from one location to another, rather than eliminating or reducing impacts.

4 System alternatives were also considered. These included the construction and operation
5 of other new pipeline systems and transportation of the equivalent amount of incremental natural
6 gas volumes by the expansion of existing pipeline systems. Because Tennessee currently operates a
7 transmission system in the northeast, it was determined that Tennessee could supply the increased
8 demand for natural gas in this area using efficiencies afforded by its existing system. Accordingly,
9 Tennessee rejected any system alternatives involving the use of other (non-Tennessee) natural gas
10 pipeline systems. Expansion of existing pipeline system capacity through the placement of
11 additional segments of parallel and connected pipeline (known as looping) was analyzed using
12 computer modeling. Looping alone was rejected because of the corresponding increase in
13 environmental impacts and property owner impacts due to increased land disturbance as
14 compared to the Project. The modeling demonstrated that construction of the Compressor
15 Station with some line replacement at the Meter Station would minimize impacts while meeting
16 the customer's needs.

17 Site alternatives were also considered and took into consideration pipeline design
18 limitations, land and workspace requirements, topographic considerations, and road access. In
19 considering sites, pipeline design required the new compressor station to be sited near the
20 midpoint of Tennessee's 270 line. These site alternative considerations contributed to the
21 selection of the preferred site for the Compressor Station in Pelham.

22 **Q. What objectives and considerations were involved in evaluating the available**
23 **alternatives?**

1 A. The primary objective of the alternatives analysis was to locate the Compressor
2 Station in a manner that either avoids or minimizes potential adverse environmental effects to the
3 greatest extent practicable. By siting the Compressor Station in a predominantly industrial
4 setting, Tennessee also attempted to minimize the disruption to the nearby residential
5 communities with respect to traffic and land use impacts.

6 Overall, Tennessee evaluated site options based on a variety of criteria, including:
7 topography; potential environmental impacts; cultural resource impacts; the presence of
8 threatened or endangered species; existing land use (including related parameters such as visual
9 and noise impacts); property costs; construction safety and feasibility considerations; and
10 engineering and technological parameters. Tennessee also considered alternatives in accordance
11 with the objectives of FERC's routing guidelines as set forth in Title 18 Code of Federal
12 Regulations Part 380.15. The primary objective in evaluating alternatives was to avoid,
13 minimize, and if necessary, mitigate adverse environmental effects while satisfying contractual
14 obligations to Tennessee's customers

15 **Q. Does this conclude your pre-filed testimony?**

16 A. Yes, but I would be happy to answer questions from members of the Committee,
17 Committee Counsel, or members of the public.

Dated: 4-21-08

Michael Stokdyk
Michael Stokdyk
Manager of Business Development
Tennessee Gas Pipeline Company

Certification of Service

I hereby certify that a copy of the foregoing was this date forwarded via hand delivery or U.S. first class mail, postage prepaid, to the Site Evaluation Committee service list, Attorney General as Counsel for the Public, Town of Pelham Board of Selectmen and Concord City Council.

TENNESSEE GAS PIPELINE COMPANY
By Its Counsel
GALLAGHER, CALLAHAN & GARTRELL, PC

g pr/s

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