



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

Docket No. DG 13-____

EnergyNorth Natural Gas, Inc. d/b/a Liberty Utilities
Summer 2013 Cost of Gas Filing

**DIRECT TESTIMONY
OF
FRANCISCO C. DAFONTE**

March 15, 2013

I. INTRODUCTION

Q. Mr. DaFonte, please state your name, business address and position with EnergyNorth Natural Gas, Inc. (“EnergyNorth” or “the Company”)

A. My name is Francisco C. DaFonte. My business address is 11 Northeastern Boulevard, Salem, New Hampshire 03079. I am the Director, Energy Procurement for Liberty Energy Utilities (New Hampshire) Corp.

Q. Mr. DaFonte, please summarize your educational background, and your business and professional experience.

A. I attended the University of Massachusetts at Amherst where I majored in Mathematics with a concentration in Computer Science. In the summer of 1985 I was hired by Commonwealth Gas Company (now NSTAR Gas Company), where I was employed primarily as a supervisor in gas dispatch and gas supply planning for nine years. In 1994, I joined Bay State Gas Company (now Columbia Gas of Massachusetts) where I held various positions including Director of Gas Control and Director of Energy Supply Services. At the end of October 2012, I was hired as the Director of Energy Procurement by Liberty Energy Utilities (New Hampshire) Corp. In this capacity, I provide gas procurement services to EnergyNorth.

Q. Mr. DaFonte, are you a member of any professional organizations?

A. Yes. I am a member of the Northeast Energy & Commerce Association, the American

1 Gas Association, the National Energy Services Association and the New England Canada
2 Business Council.

3
4 **Q. Mr. DaFonte, have you previously testified in regulatory proceedings?**

5 A. Yes, I have testified before the New Hampshire Public Utilities Commission, the
6 Massachusetts Department of Public Utilities, the Maine Public Utilities Commission, the
7 Indiana Utility Regulatory Commission and the Federal Energy Regulatory Commission.

8
9 **Q. Mr. DaFonte, what is the purpose of your testimony in this proceeding?**

10 A. The purpose of this testimony is to summarize the gas supply and firm transportation
11 portfolio and the forecasted sendout requirements for EnergyNorth for the 2013 off-peak
12 season. This information is provided in significantly more detail in the schedules that the
13 Company is filing.

14
15 **Q. Mr. DaFonte, would you describe the firm transportation contract portfolio that the
16 Company now holds?**

17 A. The Company currently holds firm transportation contracts on Tennessee Gas Pipeline
18 (106,833 MMBtu/day) and Portland Natural Gas Transmission (1,000 MMBtu/day) to
19 provide a daily deliverability of 107,833 MMBtu/day to its city gate stations. Schedule
20 12, page 1 in the Company's filing is a schematic diagram of these contracts, and
21 Schedule 12, page 2 is a table listing these contracts. These contracts provide delivery of

1 natural gas from three sources.

2
3 First, the Company holds firm transportation contracts to allow for delivery of up to
4 8,122 MMBtu/day of Canadian supply. These consist of the following:

- 5
- 6 • The Company can receive up to 4,000 MMBtu/day of firm Canadian supply from
7 Dawn, Ontario. This supply is delivered to the Company on Company-held firm
8 transportation contracts on Union Gas Limited, TransCanada Pipelines Limited,
9 Iroquois Gas Transmission System, and Tennessee Gas Pipeline (“Tennessee”).
 - 10 • The Company can receive up to 3,122 MMBtu/day of firm Canadian supply from
11 the Canadian/New York border at Niagara Falls, NY. This supply is delivered to
12 the Company on Company-held firm transportation contracts on Tennessee.
 - 13 • The Company can receive up to 1,000 MMBtu/day of firm Canadian supply from
14 a Company-held firm transportation contract on Portland Natural Gas
15 Transmission System for delivery to its Berlin service territory.
- 16

17 Second, the Company holds the following firm transportation contracts to allow for
18 delivery of up to 71,596 MMBtu/day of domestic supply from the producing and market
19 areas within the United States.

- 20
- 21 • The Company can receive up to 21,596 MMBtu/day of firm domestic supplies

1 from Texas and Louisiana production areas. These supplies are delivered to the
2 Company on firm transportation contracts on Tennessee.

- 3 • The Company can receive up to 50,000 MMBtu/day of firm supply from
4 Tennessee's Dracut receipt point located in Dracut, Massachusetts. This supply is
5 delivered to the Company on two firm transportation contracts on Tennessee.

6
7 Third, the Company holds the following firm transportation contracts to allow for
8 delivery of up to 28,115 MMBtu/day of domestic supply from underground storage fields
9 in the New York/Pennsylvania area or the purchase of flowing supply in or downstream
10 of Tennessee Zones 4 and 5.

- 11
12 • The Company can receive up to 19,076 MMBtu/day of firm domestic supplies
13 from its Tennessee FS-MA storage contract. This contract allows for a storage
14 inventory capacity of 1,560,391 MMBtu. These supplies are delivered to the
15 Company on firm transportation contracts on Tennessee.
- 16 • The Company can receive up to 9,039 MMBtu/day of firm domestic supplies
17 from its storage contracts with National Fuel Gas Supply Corporation, Honeoye
18 Storage Corporation and Dominion Transmission, Inc. In aggregate, these
19 contracts allow for a storage inventory capacity of 1,019,740 MMBtu. These
20 supplies are delivered to the Company on a firm transportation contract on
21 Tennessee.

1 **Q. Have there been any changes in the portfolio of firm transportation contracts that**
2 **the Company now holds since the Company submitted its 2012 Off Peak (Summer)**
3 **Period Cost Of Gas Filing?**

4 A. The portfolio of firm transportation contracts that the Company currently holds has not
5 changed since the Company's 2011/12 Peak Period Cost of Gas Filing.
6

7 **Q. Would you describe the source of gas supplies used with these firm transportation**
8 **contracts?**

9 A. The firm transportation contracts that interconnect at the Canadian border source firm gas
10 supplies from both Eastern and Western Canada. The Company's domestic long-haul
11 firm transportation contracts source firm gas supplies primarily from the U.S. Gulf Coast
12 during the winter period and also provide access to natural gas supplies in the Marcellus
13 Shale. Supplies purchased at the Dracut, MA receipt point, on the other hand, can
14 originate from any of a number of locations including Eastern Canada, Western Canada,
15 the U.S. Gulf Coast, the Marcellus shale and LNG import terminals.
16

17 **Q. Have there been any changes in the portfolio of supply contracts that the Company**
18 **now holds since the Company submitted its 2012 Off Peak Cost Of Gas Filing?**

19 A. Yes. Since its 2012 Off Peak Period filing, the Company finalized three requests for
20 proposals ("RFP") for supply: one for its Tennessee Zone 6 firm transportation capacity;
21 one for its Canadian firm transportation capacity on Union Gas and TransCanada

1 Pipelines interconnecting with Iroquois Gas Transmission, Inc. in Waddington, NY,
2 (“ANE”); and one for its Tennessee long-haul capacity from the Gulf Coast and Zone 4.
3

4 In response to its Zone 6 RFP, the Company entered into an Asset Management and Gas
5 Supply Agreement (“AMA”) with Repsol. The contract is a capacity management
6 arrangement whereby the Company receives a six-month supply with both baseload and
7 swing nomination provisions commencing November 1, 2012. The price for this supply
8 is index based. The index correlates to the receipt point on the Company’s firm
9 transportation contract. A copy of this contract was provided in the Company’s 2012 -
10 2013 Winter Period Cost of Gas filing in Docket No. DG 12-265.
11

12 The Company also finalized an AMA contract with BG Energy Merchants (“BG”) for the
13 management of its Canadian capacity associated with ANE. BG retains the Canadian
14 capacity from November 1, 2012 through October 31, 2013 and provides for a base load
15 supply originating from Dawn, Ontario and delivered to EnergyNorth at Waddington, NY
16 for the months of November 2012 through March 2013 with index-based pricing. For the
17 April – October 2013 period, the Company retains its Iroquois and TGP capacity,
18 allowing it to purchase supply at Waddington if customer demand and pricing permit. A
19 copy of this contract was provided in the Company’s 2012 -2013 Winter Period Cost of
20 Gas filing in Docket No. DG 12-265.
21

1 With regard to its Tennessee long-haul RFP, the Company entered into an AMA with
2 NJR Energy Services Company (“NJR”) from November 1, 2012 through April 30, 2013.
3 The agreement with NJR calls for varying monthly base load supplies delivered to the
4 Company’s city gates during the term of the contract with call options for incremental
5 supply during specific months set forth in the agreement. A copy of this contract was
6 provided in the Company’s 2012 -2013 Winter Period Cost of Gas filing in Docket No.
7 DG 12-265.

8
9 As the Commission is aware, the Company’s supply-sharing agreement with Granite
10 Ridge Energy, LLC (“Granite Ridge”) expired and the Company was not able to
11 negotiate a new contract with Granite Ridge.

12
13 **Q. Please describe the supplemental gas supply facilities available to the Company?**

14 A. The Company owns three LNG vaporization facilities in Concord, Manchester and Tilton
15 that have a combined design vaporization rate of approximately 22,800 MMBtu/day but
16 are limited operationally to a combined workable storage capacity of approximately
17 12,600 MMBtu. Any vaporization that occurs above the workable storage capacity of
18 each facility requires same day trucking refill that, at this time, is not required to satisfy
19 the Company’s design day demand.

20
21 Additionally, the Company owns four propane facilities in Amherst, Manchester, Nashua

1 and Tilton that have a combined design vaporization rate of approximately 34,600
2 MMBtu/day and a combined workable storage capacity of approximately 100,993
3 MMBtu.
4

5 Together, these LNG and propane facilities provide the Company and its customers with
6 necessary system pressure support during peak days as well as a critical gas supply
7 source to meet design day requirements. These facilities contribute to the Company's
8 reliable, flexible and least-cost resource portfolio.
9

10 These supplemental facilities are not normally used to provide supply service during the
11 off-peak period, but they are available for maintaining system integrity. These
12 supplemental supply facilities will be refilled prior to the winter season and will be tested
13 for operational integrity in preparation for peak period utilization.
14

15 **Q. Mr. DaFonte, what was the source of the projected sendout requirements and costs**
16 **used in this filing?**

17 A. As in prior cost of gas filings, the Company used projected sendout requirements and
18 costs from its internal budgets and forecasts as a means of projecting the cost of gas for
19 the off-peak period.
20

1 **Q. Would you please describe the forecasted sendout requirements for the off-peak**
2 **period of 2013?**

3 A. Schedule 11A of the Company's filing shows the Company's forecasted sendout
4 requirements of 19,490,624 Therms over the period May 1, 2013 through October 31,
5 2013 under normal weather conditions. This forecast reflects an increase in off-peak firm
6 transportation volumes and a decrease in sales volumes when compared to the 2012
7 forecast. In comparison, for the prior off-peak period, the Company had forecasted
8 normal sendout requirements of 22,625,922 Therms. Based on the Company's
9 preliminary analysis, the actual normalized sendout for May – October 2012 was
10 20,257,171 Therms, assuming the ratio of sales-to-customer choice customers from its
11 2012 forecast.

12
13 Schedule 11B shows the Company's forecasted sendout requirements of 21,429,615
14 Therms over the period May 1, 2013 through October 31, 2013 under design weather
15 conditions. In comparison, the Company had forecasted design sendout requirements of
16 23,444,522 Therms over the period May 1, 2012 through October 31, 2012 in its 2012
17 Off-Peak Period filing.

18
19 The decline in the forecasted normal and design sendout requirements from the 2012 off-
20 peak period to the 2013 off-peak period is reflective of the failed economic rebound that
21 was anticipated to occur primarily in the Commercial and Industrial customer sector.

1 In Schedule 11C, the Company summarizes the normal and design off-peak sendout
2 requirements, the seasonally-available contract quantities, and the calculated utilization
3 rates of its pipeline transportation and storage contracts based on the normal and design
4 off-peak forecasts contained in Schedules 11A and 11B.

5
6 **Q. Does this conclude your direct prefiled testimony in this proceeding?**

7 **A.** Yes, it does.