



**REDACTED**

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

Docket No. DG 15-\_\_\_

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

Summer 2015 Cost of Gas Filing

March 17, 2015

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**DIRECT TESTIMONY  
OF  
FRANCISCO C. DAFONTE**

March 17, 2015

1 **Q. Mr. DaFonte, please state your name, business address and position with Liberty**  
2 **Utilities (EnergyNorth Natural Gas) Corp. (“EnergyNorth” or “the Company”)**

3 A. My name is Francisco C. DaFonte. My business address is 15 Buttrick Road,  
4 Londonderry, New Hampshire 03053. My title is Vice President, Energy Procurement.

5  
6 **Q. Mr. DaFonte, please summarize your educational background, and your business**  
7 **and professional experience.**

8 A. I attended the University of Massachusetts at Amherst where I majored in Mathematics  
9 with a concentration in Computer Science. In the summer of 1985 I was hired by  
10 Commonwealth Gas Company (now Eversource Energy), where I was employed  
11 primarily as a supervisor in gas dispatch and gas supply planning for nine years. In 1994,  
12 I joined Bay State Gas Company (now Columbia Gas of Massachusetts) where I held  
13 various positions including Director of Gas Control and Director of Energy Supply  
14 Services. At the end of October 2011, I was hired as the Director of Energy Procurement  
15 by Liberty Energy Utilities (New Hampshire) Corp. and promoted to Vice President in  
16 July 2014. In this capacity, I provide gas procurement services to EnergyNorth.

17  
18 **Q. Mr. DaFonte, are you a member of any professional organizations?**

19 A. Yes. I am a member of the Northeast Energy & Commerce Association, the American  
20 Gas Association, the National Energy Services Association and the New England Canada  
21 Business Council.

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

2 A. Yes, I have testified in a number of proceedings before the New Hampshire Public  
3 Utilities Commission, the Massachusetts Department of Public Utilities, the Maine Public  
4 Utilities Commission, the Indiana Utility Regulatory Commission, the Georgia Public  
5 Service Commission, the Missouri Public Service Commission and the Federal Energy  
6 Regulatory Commission.

7

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

9 A. The purpose of this testimony is to summarize the gas supply and firm transportation  
10 portfolio and the forecasted sendout requirements for EnergyNorth for the 2015 off-peak  
11 season. This information is provided in significantly more detail in the schedules that the  
12 Company is filing.

13

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

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

22

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

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

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

- 18
- 19 ➤ The Company can receive up to 21,596 MMBtu/day of firm domestic supplies  
20 from Texas and Louisiana production areas. These supplies are delivered to the  
21 Company on firm transportation contracts on Tennessee.

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

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

10          ➤ The Company can receive up to 19,076 MMBtu/day of firm domestic supplies  
11          from its Tennessee FS-MA storage contract. This contract allows for a storage  
12          inventory capacity of 1,560,391 MMBtu. These supplies are delivered to the  
13          Company on firm transportation contracts on Tennessee.

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

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 2014 Off Peak (Summer)**  
3 **Period Cost of Gas Filing?**

4 A. No. The portfolio of firm transportation contracts that the Company currently holds has  
5 not changed since the Company's 2014 Off 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 2014 Off Peak Cost of Gas Filing?**

19 A. Yes. Since its 2014 Off Peak Period filing, the Company finalized five requests for  
20 proposals ("RFP") for supply and/or asset management: one for a Tennessee Zone 6 firm  
21 delivered baseload city gate service; one for a Tennessee Zone 6 firm delivered call  
22 option city gate service; one for its Canadian firm transportation capacity on Union Gas

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

4  
5 In response to its Zone 6 baseload city gate delivered service RFP, the Company entered  
6 into a gas supply agreement with Cargill, Inc. (“Cargill”). For its Zone 6 delivered city  
7 gate call option supply, the Company entered into an agreement with Repsol Energy  
8 North America Corp. (“Repsol”). The baseload supply contract had a term of December  
9 1, 2014 – February 28, 2015 and the city gate call option had a term of November 1, 2014  
10 – April 30, 2015. The price for the baseload volumes with Cargill incorporated a fixed  
11 basis and a floating NYMEX price in accordance with the Company’s revised hedging  
12 program approved in Docket No. DG 14-133. The price for the delivered city gate call  
13 option is index based and correlates to the Tennessee Zone 6 city gate price.

14  
15 The Company also finalized an Asset Management Agreement (AMA) contract with  
16 Direct Energy Marketing Limited (“Direct”) for the management of its Canadian capacity  
17 associated with ANE. Direct retains the Canadian capacity from November 1, 2014  
18 through October 31, 2015 and provides for a base load supply originating from Dawn,  
19 Ontario and delivered to EnergyNorth at Waddington, NY for the months of November  
20 2014 through March 2015 with index-based pricing. For the April – October 2015 period,  
21 the Company retains its Iroquois and TGP capacity, allowing it to purchase supply at  
22 Waddington if customer demand and pricing permit.



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With regard to its Tennessee long-haul RFP, the Company entered into an AMA with BP Energy Company (“BP”) from November 1, 2014 through April 30, 2015. The agreement with BP calls for varying monthly base load supplies delivered to the Company’s city gates during the term of the contract with call options for incremental supply during specific months set forth in the agreement.

The Company also entered into an LNG supply agreement with GDF Suez Gas NA LLC (“GDF”). The agreement with GDF makes available 250,000 Dth of LNG to the Company for liquid required to replenish its LNG inventories from November 1, 2014 – March 31, 2015.

A copy of each of the contracts described above is being provided in confidential and redacted versions as Attachment FCD-1 to my testimony.

**Q. Does the Company have any supplemental gas supply facilities available?**

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

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Additionally, the Company owns four propane facilities in Amherst, Manchester, Nashua and Tilton that have a combined design vaporization rate of approximately 34,600 MMBtu/day and a combined workable storage capacity of approximately 100,993 MMBtu.

Together, these LNG and propane facilities provide the Company and its customers with necessary system pressure support during peak days as well as a critical gas supply source to meet design day requirements. These facilities contribute to the Company's reliable, flexible and least-cost resource portfolio. These supplemental facilities are not normally used to provide supply service during the off-peak period, but they are available for maintaining system integrity. These supplemental supply facilities will be refilled prior to the winter season and will be tested for operational integrity in preparation for peak period utilization.

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

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

1 **Q. Would you please describe the forecasted sendout requirements for the off-peak**  
2 **period of 2015?**

3 A. Schedule 11A of the Company's filing shows the Company's forecasted sendout  
4 requirements of 20,909,363 Therms over the period May 1, 2015 through October 31,  
5 2015 under normal weather conditions. This forecast reflects a 4.9% increase in sales  
6 volumes with slightly lower transportation load when compared to the 2014 forecast. In  
7 comparison, for the prior off-peak period, the Company had forecast normal sendout  
8 requirements of 19,928,944 Therms. Based on the Company's preliminary analysis, the  
9 actual normalized sendout for May – October 2014 was 19,750,975 Therms, with the  
10 ratio of sales-to-customer choice customers from its 2014 forecast remaining essentially  
11 unchanged.

12  
13 Schedule 11B shows the Company's forecasted sendout requirements of 21,177,637  
14 Therms over the period May 1, 2015 through October 31, 2015 under design weather  
15 conditions. In comparison, the Company had forecast design sendout requirements of  
16 20,181,888 Therms over the period May 1, 2014 through October 31, 2014 in its 2014  
17 Off-Peak Period filing.

18  
19 The increase in the forecasted normal and design sendout reflects increased sales due to  
20 incremental customer growth, a slight economic rebound from the 2014 off-peak period  
21 to the 2015 off-peak period and a slightly lower transportation load.

22

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.

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