



STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DG 19-XXX

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Winter 2019/2020 Cost of Gas Filing
Summer 2020 Cost of Gas Filing

DIRECT TESTIMONY
OF
DEBORAH M. GILBERTSON

September 3, 2019

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1 **Q. Please state your name, business address, and position with Liberty Utilities**
2 **(EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (“EnergyNorth” or “the**
3 **Company”).**

4 A. My name is Deborah M. Gilbertson. My business address is 15 Buttrick Road,
5 Londonderry, New Hampshire. My title is Senior Manager, Energy Procurement.

6 **Q. Please summarize your educational background and your business and professional**
7 **experience.**

8 A. I graduated from Bentley College in Waltham, Massachusetts, in 1996 with a Bachelor of
9 Science in Management. In 1997, I was hired by Texas Ohio Gas where I was employed
10 as a Transportation Analyst. In 1999, I joined Reliant Energy, located in Burlington,
11 Massachusetts, as an Operations Analyst. From 2000 to 2003, I was employed by Smart
12 Energy as a Sr. Energy Analyst. In 2004, I joined Keyspan Energy Trading as a Sr.
13 Resource Management Analyst and from 2008 to 2011, I was employed by National Grid
14 as a Lead Analyst in the Project Management Office. In 2011, I was hired by Liberty
15 Utilities as a Natural Gas Scheduler and was promoted to Manager of Retail Choice in
16 2012. In 2016, I was promoted to Sr. Manager of Energy Procurement. In this capacity,
17 I provide gas procurement services to EnergyNorth.

18 **Q. Have you previously testified in regulatory proceedings?**

19 A. Yes, I have testified before the New Hampshire Public Utilities Commission
20 (“Commission”) on prior occasions. I testified in the 2017/18 and 2018/19 EnergyNorth
21 cost of gas hearings as well as the Keene winter and summer cost of gas hearings.

1 **Q. What is the purpose of your testimony in this proceeding?**

2 A. The purpose of this testimony is to summarize the gas supply and firm transportation
3 portfolio and the forecasted sendout requirements for EnergyNorth for the 2019/20 peak
4 and off-peak seasons. This information is provided in significantly more detail in the
5 schedules that the Company is including with this filing.

6 **Q. Please describe the firm transportation contract portfolio that the Company now**
7 **holds.**

8 A. The Company currently holds firm transportation contracts on Tennessee Gas Pipeline
9 (106,833 MMBtu/day) and Portland Natural Gas Transmission System (“PNGTS”)
10 (1,000 MMBtu/day) to provide a daily deliverability of 107,833 MMBtu/day to its
11 citygate stations. Schedule 12, page 1 in the Company's filing is a schematic diagram of
12 these contracts, and Schedule 12, page 2 is a table listing these contracts. These contracts
13 provide delivery of natural gas from three sources.

14 First, the Company holds firm transportation contracts to allow for delivery of up to
15 8,122 MMBtu/day of Canadian supply. These consist of the following:

16 ➤ The Company can receive up to 4,000 MMBtu/day of firm Canadian supply from
17 Dawn, Ontario. This supply is delivered to the Company on Company-held firm
18 transportation contracts on Union Gas Limited, TransCanada Pipelines Limited,
19 Iroquois Gas Transmission System (“Iroquois”), and Tennessee Gas Pipeline
20 (“Tennessee”).

- 1 ➤ The Company can receive up to 3,122 MMBtu/day of firm Canadian supply from
2 the Canadian/New York border at Niagara Falls, NY. This supply is delivered to
3 the Company on Company-held firm transportation contracts on Tennessee.
- 4 ➤ The Company can receive up to 1,000 MMBtu/day of firm Canadian supply from
5 a Company-held firm transportation contract PNGTS for delivery to its Berlin
6 service territory.

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

- 10 ➤ The Company can receive up to 21,596 MMBtu/day of firm domestic supplies from
11 Texas and Louisiana production areas. These supplies are delivered to the
12 Company on firm transportation contracts on Tennessee.
- 13 ➤ The Company can receive up to 50,000 MMBtu/day of firm supply from
14 Tennessee's Dracut receipt point located in Dracut, Massachusetts. This supply is
15 delivered to the Company on two firm transportation contracts on Tennessee.

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

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

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

11 **Q. Have there been any changes in the portfolio of firm transportation contracts that**
12 **the Company now holds since the Company submitted its 2018/19 Peak Period Cost**
13 **of Gas Filing?**

14 A. Yes, as originally noted in the 2017/18 COG filing, the Company contracted for 5,000
15 Dth/day of capacity utilizing PNGTS with primary delivery to Dracut. The new capacity
16 was obtained in the Portland Xpress Project (“PXP”) open season. The capacity is being
17 phased-in over three years. The commencement date was November 1, 2018. As
18 previously stated last year, the supply path begins at Dawn, Ontario, via Union Gas
19 Limited (“Union”), TransCanada Pipelines Limited (“TransCanada”), and PNGTS with
20 firm delivery at Dracut, MA. Recall, the benefit of this new contract is that the Company
21 will be able to source gas at Dawn, which is a more liquid and much less expensive price

1 point as compared to purchasing gas at the very volatile pricing at Dracut. The path
2 allows for more flexibility in the Company's ability to source gas. For 2019/20, which is
3 the second phase of the expansion project, the volume is 4,432 Dth/day which is up from
4 the 1,855 Dth/day the Company was entitled to in 2018/19.

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

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

14 **Q. Will there be any changes in the portfolio of supply contracts held by the Company**
15 **as compared to the portfolio of contracts that existed when the Company submitted**
16 **its 2018/19 Peak Period Cost of Gas Filing?**

17 A. Yes. Typically, the Company negotiates a number of different supply contracts for
18 delivery during the peak period. Since its 2018/19 Peak Period Cost of Gas filing, the
19 Company has issued four requests for proposals ("RFP") for supply for the upcoming
20 winter period. The first is for a baseload Tennessee Zone 6 citygate or Dracut supply; the
21 second is for its Canadian firm transportation capacity interconnecting with Iroquois Gas

1 Transmission, Inc. in Waddington, NY, (“ANE”); the third is for its Tennessee long-haul
2 capacity from the Gulf Coast and the Zone 4 market areas; and the last is for a Tennessee
3 Zone 6 citygate or Dracut swing supply with a call option. Each of these four RFPs for
4 the 2019/20 Peak Period supply are consistent with the RFPs conducted for the 2018/19
5 Peak Period.

6 **Q. Could you describe the RFP process in more detail?**

7 A. Yes. The Company issued an RFP for a baseload Tennessee Zone 6 citygate supply
8 priced at NYMEX plus a fixed basis as a hedge against basis price spikes. This RFP was
9 issued in accordance with the Company’s revised hedging plan, which was approved by
10 the Commission in Order No. 25,691 in Docket No. DG 14-133. The Company received
11 proposals for a delivered citygate supply and has selected a winning bidder.

12 The Company also issued an RFP for ANE supply originating from Dawn, Ontario. The
13 Company entered into an Asset Management Agreement (“AMA”) transaction that will
14 provide a firm baseload supply during the peak period with index-based pricing. The
15 Company has selected a winning bidder.

16 For the Tennessee long-haul firm transportation from the U.S. Gulf Coast, the Company
17 issued an RFP for an AMA transaction coupled with a delivered service during the peak
18 period. The Company has selected a winning bidder.

19 Lastly, the Company issued an RFP for a Tennessee Zone 6 citygate or Dracut supply
20 with an option for the Company to call on the supply as needed to meet day-to-day

1 increases in demand. The RFP requested a six-month Dracut or delivered citygate supply
2 with swing nomination provisions whereby it intends to release its Dracut capacity to the
3 winning bidder as needed. The price for this supply is market area index based. The
4 Company has selected a winning bidder.

5 **Q. Could you provide the status of the Company's storage refill plan?**

6 A. Yes. During the 2019 off-peak period, the Company has been injecting supplies into its
7 underground storage fields. The Company plans to have all storage fields, with the
8 exception of its Tennessee FS-MA storage, full by November 1, 2019; the Tennessee FS-
9 MA field is targeted to be approximately 95 percent full by November 1, 2019. The
10 approximate five percent unfilled portion of FS-MA storage provides a buffer which
11 allows the Company operational flexibility to inject some of its Tennessee supply into
12 storage if needed due to weather fluctuations during the month of November. By
13 December 1, 2019, it is the Company's plan to have all of its storage fields full.

14 **Q. Would you describe the additional sources of gas supply available to the Company**
15 **that do not require pipeline transportation capacity?**

16 A. The Company has three additional sources of gas supply available. First, the Company
17 contracted with Constellation LNG, LLC (formerly known as Engie) for a combination
18 liquid/vapor service that can be used to either refill its LNG storage tanks during the peak
19 period and/or deliver incremental supply to its citygate for up to 7,000 MMBtu per day.
20 This flexibility will allow the Company to either call on citygate delivered supply or use
21 the liquid option to refill its LNG inventory. In addition, the Company has contracted for

1 dedicated LNG trucking in order to refill its LNG storage inventory. Since the
2 Company's LNG storage capability is limited, having dedicated LNG trucks allows the
3 Company to replenish inventory as it is used, provides supply security for its customers,
4 and enables the Company to adhere to its seven-day storage inventory requirement (Puc
5 506.03).

6 Second, the Company refilled its propane inventory including approximately 390,000
7 gallons of storage inventory at its Amherst storage facility. This volume has increased by
8 approximately 125,000 gallons over last year as a result of the Company's need to take
9 back half of the Amherst propane supply which was previously allowed to Keene. As the
10 Company continues to expand, the need for more supplemental supply is necessary. In
11 addition, the Company solicited bids for firm propane refill supply of 250,000 gallons
12 with guaranteed daily trucking capability of two trucks per day. The Company has
13 selected a winner bidder.

14 Third, the Company has solicited bids for an LNG supply contract to be used as liquid
15 refill only. This incremental liquid refill contract must also provide trucking of the LNG
16 for storage refill. By using the Constellation LNG vapor option along with a separate
17 refill supply contract, the Company will be positioned to meet the demands of the seven-
18 day storage inventory requirement. The Company has selected the winning bidders.

19 **Q. Please describe the supplemental gas supply facilities available to the Company.**

20 A. The Company owns three LNG vaporization facilities in Concord, Manchester, and
21 Tilton that have a combined design vaporization rate of approximately 22,800

1 MMBtu/day, but are limited operationally to a combined workable storage capacity of
2 approximately 12,600 MMBtu. As described previously, the Company solicited bids for
3 additional LNG refill and associated trucking in order to utilize more vaporization
4 capacity from its LNG facilities. The Company's LNG facilities will be refilled with
5 liquid natural gas from the previously mentioned Constellation combination liquid/vapor
6 service and/or the incremental LNG refill supply.

7 Additionally, the Company owns four propane facilities in Amherst, Manchester, Nashua,
8 and Tilton that have a combined design vaporization rate of approximately 34,600
9 MMBtu/day and a combined workable storage capacity of approximately 122,590
10 MMBtu. Please note this total workable storage capacity has been lowered by
11 approximately 10% due to the prior use of an incorrect conversion factor. The Company
12 has allocated approximately 12,000 MMBtu of the Amherst capacity to its Keene
13 Division leaving approximately 110,700 MMBtu of combined workable storage capacity
14 for EnergyNorth. The Company's propane facilities were refilled during the summer of
15 2019 and they are ready for the 2019/20 peak period. The Company will have
16 arrangements in place for its propane trucking needs for the upcoming peak period.

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

1 **Q. Ms. Gilbertson, what was the source of the projected sendout requirements and**
2 **costs used in this filing?**

3 A. As in prior cost of gas filings, the Company used projected sendout requirements and
4 costs from its internal budgets and forecasts.

5 **Q. Would you please describe the forecasted sendout requirements for the peak period**
6 **of 2019/20?**

7 A. Schedule 11A of the Company's filing shows the Company's forecasted sendout
8 requirements for sales customers at 92,542,043 therms over the period November 1,
9 2019, to April 30, 2020, under normal weather conditions, which is up from last year's
10 forecasted volume of 87,958,623 therms for the period November 1, 2018, to April 30,
11 2019. In comparison, the normalized actual sendout for firm sales customers for the
12 November 1, 2018, to April 30, 2019, period was 90,387,490 therms (Reconciliation
13 Filing, Summary Page 5, 'Total Volume Weather Variance,' Column B). Higher
14 normalized actuals are attributed to an increased use per customer (UPC) in most rate
15 classes. After its typical forecast review, the Company adjusted its customer count down
16 slightly to reflect the actual; however, that adjustment was more than offset by a higher
17 UPC which resulted in the higher load.

18 Schedule 11B shows the Company's forecasted sendout requirements for sales customers
19 of 101,870,197 therms over the period November 1, 2019, to April 30, 2020, under
20 design weather conditions, which is up from last year's forecasted volume of 96,482,745
21 therms for the period November 1, 2018, to April 30, 2019. For the current peak period

1 forecast, design weather requirements are 10 percent greater than normal sendout
2 requirements for weather that is 10 percent colder than normal.

3 In Schedule 11C, the Company summarizes the normal and design year sendout
4 requirements, the seasonally-available contract quantities (inclusive of assigned and
5 Company Managed capacity), and the utilization rates of its pipeline firm transportation
6 and storage contracts.

7 Schedule 11D shows the Company's forecasted design day sendout for sales customers
8 for the upcoming 2019/20 winter of 1,209,082 therms, which is up slightly from last
9 year's figure of 1,188,091 therms.

10 **Q. Would you please describe the forecasted sendout requirements for the off-peak**
11 **period of 2019?**

12 A. Schedule 11A of the Company's filing shows the Company's forecasted sendout
13 requirements of 17,827,358 therms over the period May 1 to October 31, 2019, under
14 normal weather conditions, which is slightly higher than last year's forecasted volume of
15 17,182,520 therms over the period May 1 to October 31, 2018.

16 Schedule 11B shows the Company's forecasted sendout requirements of 17,960,094
17 therms over the period May 1 to October 31, 2019, under design weather conditions,
18 which is lower than last year's forecasted volume of 19,368,472 therms over the period
19 May 1 to October 31, 2018.

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

6 **Q. Please provide the results of the Company's basis hedging program for the winter of**
7 **2018/19.**

8 A. For the winter of 2018/19 the Company hedged the Tennessee Zone 6 basis through the
9 purchase of physical supply for its baseload requirements from Dracut for the months of
10 December, January, and February as provided for in Docket No. DG 14-133 and
11 approved in Order *Nisi* No. 25,691. The result of this basis hedging program showed a
12 cost of approximately \$1,600,000. The prior year hedge program showed a benefit of
13 approximately \$4,000,000 and prior to that, a benefit of approximately \$1,200,000 in
14 2016/17. Although the Company cannot guarantee the hedge program will result in a
15 benefit every year, it does recommend the need for price stabilization against fluctuations
16 in the market prices during peak period.

17 **Q. Has the Company hedged the Tennessee Zone 6 basis for the winter 2019/20?**

18 A. Yes. Consistent with prior winters, the Company conducted an RFP to solicit physical
19 supply basis bids for the months of December, January, and February during the 2019/20
20 winter and has selected a supplier.

1 **Q. Does this conclude your direct pre-filed testimony in this proceeding?**

2 **A.** Yes, it does.

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