



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

Docket No. DG 20-XXX

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Winter 2020/2021 Cost of Gas
Summer 2021 Cost of Gas

**DIRECT TESTIMONY
OF
DEBORAH M. GILBERTSON**

September 1, 2020

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1 **Q. Please state your name, business address, and position.**

2 A. My name is Deborah M. Gilbertson. I am Senior Manager, Energy Procurement for
3 Liberty Utilities Service Corp., which provides services to Liberty Utilities (EnergyNorth
4 Natural Gas) Corp. (“EnergyNorth” or “the Company”). My business address is 15
5 Buttrick Road, Londonderry, New Hampshire.

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.

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 2020/21 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. In addition to these citygate delivery contracts, the Company also holds
12 other transportation contracts further upstream on other pipelines that feed into the
13 citygate delivery transportation contracts. Schedule 12, page 1 in the Company's filing is
14 a schematic diagram of the transportation contracts, and Schedule 12, page 2 is a table
15 listing these contracts. The transportation contracts provide delivery of natural gas from
16 three sources as described below.

17 First, the Company holds firm transportation contracts to allow for delivery of up to
18 8,122 MMBtu/day of Canadian supply. These consist of the following:

19 ➤ The Company can receive up to 4,000 MMBtu/day of firm Canadian supply from
20 Dawn, Ontario. This supply is delivered to the Company on Company-held firm
21 transportation contracts on Union Gas Limited, TransCanada Pipelines Limited,

1 Iroquois Gas Transmission System (“Iroquois”), and Tennessee Gas Pipeline
2 (“Tennessee”).

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

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

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

18 Third, the Company holds the following firm transportation contracts to allow for
19 delivery of up to 28,115 MMBtu/day of domestic supply from underground storage fields

1 in the New York/Pennsylvania area or the purchase of flowing supply in or downstream
2 of Tennessee Zones 4 and 5.

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

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

13 **Q. Have there been any changes in the portfolio of firm transportation contracts that**
14 **the Company now holds since the Company submitted its Winter 2019/2020 Cost of**
15 **Gas Filing?**

16 A. Yes, as noted in the 2019/2020 COG filing, the Company contracted for 5,000 Dth/day of
17 capacity utilizing PNGTS with primary delivery to Dracut. The new capacity was
18 obtained in the Portland Xpress Project (“PXP”) open season. The capacity is being
19 phased-in over three years. The commencement date was November 1, 2018. As
20 previously stated last year, the supply path begins at Dawn, Ontario, via Union Gas
21 Limited (“Union”), TransCanada Pipelines Limited (“TransCanada”), and PNGTS with

1 firm delivery at Dracut, MA. The benefit of this contract is that the Company can source
2 gas at Dawn, which is a more liquid and much less expensive price point as compared to
3 purchasing gas at the very volatile pricing at Dracut. The path allows for more flexibility
4 in the Company's ability to source gas. For 2020/21, which is the third and final phase of
5 the expansion project, the volume is 5,000 Dth/day which is up from the 4,432 Dth/day
6 the Company was entitled to in 2019/20.

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

17 **Q. Will there be any changes in the portfolio of supply contracts held by the Company**
18 **as compared to the portfolio of contracts that existed when the Company submitted**
19 **its Winter 2019/2020 Cost of Gas Filing?**

20 A. Yes. Typically, the Company negotiates a number of different supply contracts for
21 delivery during the peak period. Since its 2019/2020 COG filing, the Company has

1 issued four requests for proposals (“RFP”) for supply for the upcoming winter period.

2 The first is for a baseload Tennessee Zone 6 citygate or Dracut supply; the second is for

3 its Canadian firm transportation capacity interconnecting with Iroquois Gas

4 Transmission, Inc. in Waddington, NY, (“ANE”); the third is for its Tennessee long-haul

5 capacity from the Gulf Coast and the Zone 4 market areas; and the last is for a Tennessee

6 Zone 6 citygate or Dracut swing supply with a call option. Each of these four RFPs for

7 the 2020/21 peak period supply are consistent with the RFPs conducted for the 2019/20

8 peak period.

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

10 A. Yes. The Company issued an RFP for a baseload Tennessee Zone 6 citygate supply

11 priced at NYMEX plus a fixed basis as a hedge against basis price spikes. This RFP was

12 issued in accordance with the Company’s revised hedging plan, which was approved by

13 the Commission in Order No. 25,691 in Docket No. DG 14-133. The Company received

14 proposals for a delivered citygate supply and has selected a winning bidder.

15 The Company also issued an RFP for supply originating from Dawn, Ontario. The

16 Company entered into an Asset Management Agreement (“AMA”) transaction that will

17 provide a firm baseload supply during the peak period with index-based pricing. The

18 Company has selected a winning bidder.

19 For the Tennessee long-haul firm transportation from the U.S. Gulf Coast, the Company

20 issued an RFP for an AMA transaction coupled with a delivered service during the peak

21 period. The Company has selected a winning bidder.

1 Lastly, the Company issued an RFP for a Tennessee Zone 6 citygate or Dracut supply
2 with an option for the Company to call on the supply as needed to meet day-to-day
3 increases in demand. The RFP requested a six-month Dracut or delivered citygate supply
4 with swing nomination provisions whereby it intends to release its Dracut capacity to the
5 winning bidder as needed. The price for this supply is market area index based. The
6 Company has selected a winning bidder.

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

8 A. Yes. During the 2020 off-peak period, the Company has been injecting supplies into its
9 underground storage fields. The Company plans to have all storage fields, with the
10 exception of its Tennessee FS-MA storage, full by November 1, 2020; the Tennessee FS-
11 MA field is targeted to be approximately 95 percent full by November 1, 2020. The
12 approximate five percent unfilled portion of FS-MA storage provides a buffer which
13 allows the Company operational flexibility to inject some of its supply into storage if
14 needed due to weather fluctuations during the month of November. By December 1,
15 2020, it is the Company's plan to have all of its storage fields full.

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

18 A. The Company has three additional sources of gas supply available. First, as described in
19 the 2019/20 COG filing, the Company contracted with Constellation LNG, LLC for a
20 combination liquid/vapor service that can be used to either refill its LNG storage tanks
21 during the peak period and/or deliver incremental supply to its citygate for up to 7,000

1 MMBtu per day in total. This flexibility will allow the Company to either call on
2 citygate delivered supply or use the liquid option to refill its LNG inventory. In addition,
3 the Company has contracted for dedicated LNG trucking in order to refill its LNG storage
4 inventory. Since the Company's LNG storage capability is limited, having dedicated
5 LNG trucks allows the Company to replenish inventory as it is used, provides supply
6 security for its customers, and enables the Company to adhere to its seven-day storage
7 inventory requirement (Puc 506.03).

8 Second, the Company refilled its propane inventory including approximately 390,000
9 gallons of storage inventory at its Amherst storage facility. Additionally, the Company
10 solicited bids for firm winter propane refill supply of 250,000 gallons with guaranteed
11 daily trucking capability of two trucks per day. The Company has selected a winner
12 bidder.

13 Third, the Company has solicited bids for an LNG supply contract to be used as winter
14 liquid refill only. This incremental liquid refill contract must also provide trucking of the
15 LNG for storage refill. By using the Constellation LNG vapor option along with a
16 separate refill supply contract, the Company will be positioned to meet the demands of
17 the seven-day storage inventory requirement. The Company has selected the winning
18 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 historically had a combined design vaporization capacity of
9 approximately 34,600 MMBtu/day and a combined workable storage capacity of
10 approximately 122,590 MMBtu. It should be noted that the Company is in the process of
11 determining the actual operational capacity of its propane facilities and initial analysis
12 indicated that the operation capacity may be closer to 25,000 MMBtu per day.

13 The Company has allocated approximately 12,000 MMBtu of the Amherst propane
14 storage capacity to its Keene Division leaving approximately 110,700 MMBtu of
15 combined workable storage capacity for EnergyNorth. The Company's propane facilities
16 were refilled during the summer of 2020 and they are ready for the 2020/21 peak period.
17 The Company will have arrangements in place for its propane trucking needs for the
18 upcoming peak period.

19 Together, these LNG and propane facilities provide the Company and its customers with
20 necessary system pressure support during peak days as well as a critical gas supply

1 source to meet design day requirements. These facilities contribute to the Company's
2 reliable, flexible, and least-cost resource portfolio.

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

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

7 **Q. Would you please describe the forecasted sendout requirements for the peak period**
8 **of 2020/21?**

9 A. Schedule 11A of the Company's filing shows the Company's forecasted sendout
10 requirements for sales customers at 90,922,460 therms over the period November 1,
11 2020, to April 30, 2021, under normal weather conditions, which is down from last year's
12 forecasted volume of 92,542,043 therms for the period November 1, 2019, to April 30,
13 2020. In comparison, the normalized actual sendout for firm sales customers for the
14 November 1, 2019, to April 30, 2020, period was 89,856,459 therms (Reconciliation
15 Filing, Summary Page 5, 'Total Volume Weather Variance,' Column B).

16 Schedule 11B shows the Company's forecasted sendout requirements for sales customers
17 of 101,061,871 therms over the period November 1, 2020, to April 30, 2021, under
18 design weather conditions, which is down from last year's forecasted volume of
19 101,870,197 therms for the period November 1, 2019, to April 30, 2020. For the current
20 peak period forecast, design weather requirements are approximately 10 percent greater
21 than normal sendout requirements for weather that is 10 percent colder than normal.

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

5 Schedule 11D shows the Company's forecasted design day sendout for sales customers
6 for the upcoming 2020/21 winter of 1,248,088 therms, which is up slightly from last
7 year's figure of 1,209,082 therms.

8 **Q. Would you please describe the forecasted sendout requirements for the off-peak**
9 **period of 2021?**

10 A. Schedule 11A of the Company's filing shows the Company's forecasted sendout
11 requirements of 22,065,798 therms over the period May 1 to October 31, 2021, under
12 normal weather conditions, which is higher than last year's forecasted volume of
13 17,827,358 therms over the period May 1 to October 31, 2020. The reason for the uptick
14 in volume is due primarily to a shifting of customers from transportation service to sales
15 service as a result of a specific marketer's exit from the Retail Choice program.

16 Schedule 11B shows the Company's forecasted sendout requirements of 22,175,995
17 therms over the period May 1 to October 31, 2021, under design weather conditions,
18 which is higher than last year's forecasted volume of 17,960,094 therms over the period
19 May 1 to October 31, 2020.

20 In Schedule 11C, the Company summarizes the normal and design off-peak sendout
21 requirements, the seasonally-available contract quantities (inclusive of assigned and

1 Company Managed capacity), and the calculated utilization rates of its pipeline
2 transportation and storage contracts based on the normal and design off-peak forecasts
3 contained in Schedules 11A and 11B.

4 **Q. Can you please discuss the impacts, if any, of COVID-19 and the current economic**
5 **uncertainties on the Sales demand forecast for 2020/21?**

6 A. The demand forecast within this COG filing was created with due consideration of the
7 impact of COVID-19 and the current economic uncertainties. These uncertainties, and a
8 lack of definitive empirical information, make it challenging to predict the impact on
9 demand for 2020/21. The Company has relied upon the most recent information
10 available at the time the forecast was created. The Company used the forecast of
11 economic indicators from Moody's and the EIA. These publications assess economic
12 variables such as real personal income, housing stocks and employment levels and are
13 used to forecast energy demand as such. In addition, the Company relied upon its
14 internal Sales and Marketing team to provide a closer vision of growth expectations in its
15 service territory despite the current economic situation.

16 Additionally, the Company is monitoring and assessing the actual impact of COVID-19
17 on sales and demand as this information becomes available and the efforts to reopen the
18 economy continue to evolve. Although there is only limited information at this time, the
19 Company has compared expected sales to the actual sales. The estimate of the COVID-
20 19 impact in March demonstrated a 4.3% sales demand decline over expected sales for
21 the same period. For April, there was an 8.2% decline and the impact on May sales was a

1 3 % decline. Expected sales are defined as sales that the company would expect given
2 the actual weather and the actual number of customers for that particular month.

3 It is worth noting that the total annual firm transport plus firm sales customer demand for
4 2020/21 is expected to be approximately 4% lower than what was predicted for 2019/20
5 in last year's COG filing due to factors mentioned above. However, the firm sales
6 portion of the demand forecast for 2020/21 has increased slightly from 2019/20. As
7 mentioned earlier on page 11, the slight increase in sales volume is due to reverse
8 migration of customers who were previously on Firm Transportation Service but
9 switched to Sales Service. It is not known at this time if those customers will eventually
10 choose to return to Firm Transportation Service.

11 **Q. Please provide the results of the Company's basis hedging program for the winter of**
12 **2019/20.**

13 A. For the winter of 2019/20 the Company hedged the Tennessee Zone 6 basis through the
14 purchase of physical supply for its baseload requirements from Dracut for the months of
15 December, January, and February as provided for in Docket No. DG 14-133 and
16 approved in Order *Nisi* No. 25691. The result of this basis hedging program showed a
17 cost of approximately \$2,400,000. This is an expected outcome consistent with a warmer
18 than normal winter. Although the Company cannot predict whether the hedge program
19 will result in a gain or loss each year, it does support the need for price stabilization
20 against fluctuations in the market prices during peak period.

1 **Q. Has the Company hedged the Tennessee Zone 6 basis for the winter 2020/21?**

2 A. Yes, the company conducted an RFP to solicit physical supply basis bids for the months
3 of December, January, and February during the 2020/21 winter and has selected a
4 supplier.

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

6 A. Yes, it does.