

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

October 6, 2021 - 10:01 a.m.
21 South Fruit Street
Suite 10
Concord, NH

Morning Session
ONLY

[Hearing also conducted via Webex]

RE: DG 21-008

**LIBERTY UTILITIES (ENERGYNORTH NATURAL
GAS) CORP. d/b/a LIBERTY UTILITIES:**

Petition for Approval of a Firm
Transportation Agreement with
Tennessee Gas Pipeline Company, LLC.

PRESENT: Chairwoman Dianne H. Martin, Presiding
Commissioner Daniel C. Goldner

Doreen Borden, Clerk
Corrine Lemay, PUC Hybrid Hearing Host

**APPEARANCES: Reptg. Liberty Utilities (EnergyNorth
Natural Gas) Corp. d/b/a Liberty
Utilities:**

Michael J. Sheehan, Esq.
Daniel P. Venora, Esq. *(Keegan Werlin)*

Reptg. Conservation Law Foundation:
Nicholas A. Krakoff, Esq.

Reptg. Residential Ratepayers:
Donald M. Kreis, Esq., Consumer Adv.
Maureen Reno, Dir./Rates & Markets
Office of Consumer Advocate

Reptg. New Hampshire Dept. of Energy:
Paul B. Dexter, Esq.
(Regulatory Support Division)

Court Reporter: Steven E. Patnaude, LCR No. 52

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I N D E X

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NOTE: *Deborah M. Gilbertson, Francisco C. DaFonte,* and *David G. Hill* were sworn in at the same time, as noted at Page 15

OPENING STATEMENTS BY:

Mr. Sheehan 9

Mr. Krakoff 13

* * *

**WITNESS PANEL: DEBORAH M. GILBERTSON
 FRANCISCO C. DaFONTE**

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Settlement Agreement	<i>premarked</i>
2	Testimony of Francisco C. DaFonte and William R. Killeen, with attachments {CONFIDENTIAL VERSION}	<i>premarked</i>
3	Testimony of Francisco C. DaFonte and William R. Killeen, with attachments <i>[REDACTED - for PUBLIC use]</i>	<i>premarked</i>
4	Rebuttal Testimony of Francisco C. DaFonte and William R. Killeen, with attachments	<i>premarked</i>
5	Response to PLAN 1-7	<i>premarked</i>
6	Testimony of Stephen P. Frink, with attachments {CONFIDENTIAL VERSION}	<i>premarked</i>
7	Testimony of Stephen P. Frink, with attachments <i>[REDACTED - for PUBLIC use]</i>	<i>premarked</i>
8	Testimony of David G. Hill, with attachments {CONFIDENTIAL VERSION}	<i>premarked</i>
9	Testimony of David G. Hill, with attachments <i>[REDACTED - for PUBLIC use]</i>	<i>premarked</i>
10	Liberty Responses to CLF Data Requests Set 1	<i>premarked</i>
11	Liberty Responses to CLF Data Requests Set 2	<i>premarked</i>

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E X H I B I T S (continued)

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
12	Attachment to Liberty Response to CLF 2-1	<i>premarked</i>
13	Liberty Responses to CLF Data Requests Set 3	<i>premarked</i>
14	Attachment to Liberty Response to CLF 3-7	<i>premarked</i>
15	Liberty Response to OCA 1-14	<i>premarked</i>
16	Attachment to Liberty Response to 1.14.b {CONFIDENTIAL VERSION}	<i>premarked</i>
17	Liberty Response to CLF TS 1-1	<i>premarked</i>
18	Attachment to Liberty Response to CLF TS 1-1	<i>premarked</i>
19	David G. Hill ME & VT Heat Pump Demonstrative	<i>premarked</i>

P R O C E E D I N G

1
2 CHAIRWOMAN MARTIN: Okay. Good
3 morning, everyone. We're here this morning in
4 Docket DG 21-008, which is the Liberty Utilities'
5 Petition for Approval of a Firm Transportation
6 Agreement with the Tennessee Gas Pipeline
7 Company, LLC.

8 Let's take appearances, starting with
9 Mr. Sheehan.

10 MR. SHEEHAN: Good morning. Mike
11 Sheehan, for Liberty Utilities (EnergyNorth
12 Natural Gas) Corp.

13 CHAIRWOMAN MARTIN: All right. And
14 Mr. Kreis.

15 MR. KREIS: Good morning, Madam
16 Chairwoman, Commissioner Goldner, fellow
17 practitioners. I am Donald Kreis, the Consumer
18 Advocate, here on behalf of residential
19 customers. With me this morning is Maureen Reno,
20 the OCA's Director of Rates and Markets.

21 CHAIRWOMAN MARTIN: All right. Thank
22 you. And Mr. Krakoff.

23 MR. KRAKOFF: Good morning, Chairwoman
24 and Commissioner Goldner. My name is Nick

1 Krakoff. I am representing Conservation Law
2 Foundation.

3 Thank you.

4 CHAIRWOMAN MARTIN: All right. Thank
5 you. And Mr. Dexter.

6 MR. DEXTER: Good morning. Paul
7 Dexter, appearing on behalf of the Department of
8 Energy.

9 CHAIRWOMAN MARTIN: All right. Thank
10 you.

11 For preliminary matters, I have
12 Exhibits 1 through 19 prefiled and premarked for
13 identification. Anything related to exhibits?

14 MR. SHEEHAN: Not from the Company.

15 CHAIRWOMAN MARTIN: Okay. Seeing no
16 one else.

17 I also have a Motion for Confidential
18 Treatment of Discovery Responses that was just
19 filed by the Company. Are there any objections
20 or does anyone want to be heard on that today?

21 *[No verbal response.]*

22 CHAIRWOMAN MARTIN: All right. Seeing,
23 no one on that, we will proceed then.

24 Any other preliminary matters?

1 MR. SHEEHAN: The only thing I would
2 request is a ability to make a three-minute
3 opening to sort of put this hearing in context,
4 and then we're ready to present the two
5 witnesses.

6 CHAIRWOMAN MARTIN: Okay. Well, we're
7 hear your opening, and anyone else who would
8 like to give an opening will then have an
9 opportunity --

10 MR. KRAKOFF: Excuse me. I wasn't able
11 to hear what Mike just said. Sorry.

12 CHAIRWOMAN MARTIN: Okay. Can you
13 repeat?

14 MR. DaFONTE: I can't hear him either.

15 MR. HILL: It's very soft. Yes.

16 MR. SHEEHAN: Okay. I will get better.
17 Is this better?

18 MR. KRAKOFF: Yes. That's much better.

19 MR. SHEEHAN: Sorry.

20 MR. HILL: Thank you.

21 MR. SHEEHAN: The Company would like to
22 make a brief opening to put this hearing into
23 context, and then we would be prepared to put on
24 the two witnesses.

1 CHAIRWOMAN MARTIN: And my response was
2 that we would hear that opening, and if anyone
3 else would like to make an opening as well, just
4 let me know when Mr. Sheehan is done.

5 Okay. Go ahead.

6 MR. KRAKOFF: And, Chairwoman Martin,
7 there's a preliminary matter that I would like to
8 raise as well.

9 CHAIRWOMAN MARTIN: Okay. Go ahead.

10 MR. KRAKOFF: First off, yes, I'd like
11 to reserve time to make a closing statement
12 today.

13 And then, secondly, Mr. Hill has not
14 had a chance to address Liberty's rebuttal
15 testimony. So, I just ask for the opportunity to
16 either, on direct examination or redirect
17 examination, for him to be able, be given an
18 opportunity to address the rebuttal testimony
19 that was filed by Liberty.

20 And then, thirdly, there's also been a
21 Settlement Agreement filed in the past couple
22 weeks, which Mr. Hill would like to address,
23 either, you know, in his direct or redirect at
24 some point.

1 CHAIRWOMAN MARTIN: Okay. First of
2 all, everyone will have the opportunity for a
3 closing, as is always the case.

4 And is there any objection to
5 permitting those questions Mr. Krakoff posed?

6 MR. SHEEHAN: No, not from the
7 Company.

8 CHAIRWOMAN MARTIN: Okay. Anyone else?

9 MR. DEXTER: Not from the Department of
10 Energy.

11 CHAIRWOMAN MARTIN: Okay. And I see
12 Mr. Kreis --

13 MR. KREIS: Nodding volubly.

14 CHAIRWOMAN MARTIN: Okay. All right.

15 So, then, with that, is there anyone
16 else who has a preliminary matter?

17 *[No verbal response.]*

18 CHAIRWOMAN MARTIN: All right. Then,
19 Mr. Sheehan, go ahead with your opening.

20 MR. SHEEHAN: Thank you.

21 The issue today is the reasonableness
22 or prudence of the Company's decision to sign the
23 Tennessee contract attached to the Petition. To
24 understand its prudence, there's some context

1 that would be helpful, and I'd like to lay that
2 out right now.

3 In 2013, the Company filed a IRP,
4 Integrated Resource Plan, that identified a need
5 for more capacity. Shortly after that, in 2014,
6 the Company filed for approval of a precedent
7 agreement with Kinder Morgan, on what was planned
8 to be a new pipeline known as the "Northeast
9 Energy Direct", or "NED". The Commission
10 approved the 2013 IRP. The Commission approved
11 the contract with NED in 2015. That contract
12 called for 115,000 dekatherms of capacity, 50 of
13 which was to retire or replace existing contracts
14 the Company has that go back to Dracut,
15 Massachusetts, and the other 65,000 of which
16 would be new capacity. There were conditions
17 placed on that approval, but that was the outline
18 of the NED order in the Fall of '15.

19 In 2016, Kinder Morgan canceled NED.
20 So, the solution that the Company had to its
21 capacity shortage, its recognized and approved
22 capacity shortage, was gone, and we had to go
23 back to the drawing board.

24 In the Fall of 2017, approximately a

1 year plus later, we filed another IRP, and we
2 filed for approval of what became known as the
3 "Granite Bridge Project". Again, it was our
4 proposed solution to this capacity shortfall that
5 persisted.

6 As is more familiar to the current
7 Commissioners, the Granite Bridge Project was
8 withdrawn because of the contract that we have in
9 front of us today. The demand forecast that
10 supported the Granite Bridge Project in the 2017
11 IRP follow the same approved processes from
12 coming out of the 2013 IRP. The demand forecast
13 continues to show a need. And it was in the Fall
14 of '19 when this contract, what became this
15 contract, appeared, and that was litigated in the
16 Granite Bridge hearing we had this summer, how it
17 came about. We finally learned that Tennessee
18 was going to offer capacity on the Concord
19 Lateral. We paused Granite Bridge, we negotiated
20 this contract, and we signed it.

21 So, really, what we're -- the context
22 I'm trying to lay out is that we are now at a
23 milestone of what's been almost a ten-year
24 journey to solve a capacity issue for the

1 Company. And the solution we have here is a good
2 one. It's, as we all know, 40,000 decatherms a
3 day on existing capacity at the lowest rate
4 achievable, 14 cents per dekatherm. It will
5 solve medium term -- short and medium term
6 problems, and it -- obviously, we respectfully
7 ask the Commission to approve it.

8 The last thing I wanted to mention as
9 an opening is, well, two things. One, this is
10 not a planning docket. This is not the docket
11 where the Commission is asked to review did we,
12 on a big scale, did we do proper planning, did
13 we -- you know, the IRP kind of planning that is
14 embodied in the statute. This is more of an
15 execution docket. We are executing under the
16 plans that say, you know, we should follow least
17 cost planning principles, and we have done that
18 by taking advantage of this capacity.

19 Last, I recognize there's been some
20 disconnects between the Company and the
21 Commission over the last few months regarding
22 exhibits, what the Commission would like to hear
23 versus what we've provided. As you well know,
24 every docket has thousands, if not hundreds of

1 thousands, of pages of supporting documents
2 related to it. We spend a lot of time preparing
3 our filings to make sure we present the
4 information that we think is sufficient and
5 necessary to support what we're requesting.
6 However, we can't anticipate everything. And,
7 invariably, you may decide to inquire into areas
8 that we did not anticipate.

9 Today, we have two incredibly
10 knowledgeable witnesses on the stand, who could
11 pretty much answer anything related to this. But
12 we certainly encourage the Commission, as it has
13 done, to let us know what else you may need and
14 we will provide it promptly.

15 Thank you.

16 CHAIRWOMAN MARTIN: Thank you,
17 Mr. Sheehan. Is there anyone else who would like
18 to make an opening?

19 MR. KRAKOFF: Yes, Commissioners. I'll
20 make a very brief opening.

21 CHAIRWOMAN MARTIN: Go ahead.

22 MR. KRAKOFF: You know, this docket, to
23 a large extent, is influenced heavily by, you
24 know, Liberty's past projects that have now been

1 withdrawn. You know, the ghost of the NED
2 pipeline and the ghost of Granite Bridge really
3 hang heavily over this docket.

4 And, you know, while this proposed
5 project here may perhaps be preferable to those
6 much larger projects, the Commission, you know,
7 really shouldn't be distracted by the fact that
8 this might be better than those, it really
9 should, you know, look closely at what Liberty is
10 proposing here.

11 You know, Liberty has made a case here,
12 and, you know, it just stated that, you know,
13 this isn't a planning docket, this isn't the same
14 docket as the IRP docket. And while, you know,
15 Mr. Sheehan is correct to some extent, what
16 happens in this docket isn't divorced from what
17 happens in the LCIRP docket. You know,
18 everything that happens in this docket must be
19 influenced by what happens in that docket, and by
20 what Liberty filed in that docket.

21 And, you know, Liberty's project here,
22 you know, must be influenced by its least cost
23 integrated resource planning. You know, and
24 today we're going to make the case that, you

1 know, Liberty hasn't met its burden, you know, in
2 demonstrating that the TGP contract is the least
3 cost project.

4 Thank you.

5 CHAIRWOMAN MARTIN: All right. Thank
6 you. Anyone else?

7 [No verbal response.]

8 CHAIRWOMAN MARTIN: Okay. Seeing no
9 one.

10 We will go to the witnesses at this
11 point. Mr. Patnaude, could you please swear them
12 in.

13 And are we going to take them all at
14 one time? Or, Mr. Sheehan, your witnesses, and
15 then Mr. Krakoff?

16 MR. SHEEHAN: The latter.

17 CHAIRWOMAN MARTIN: Okay. Why don't we
18 swear them all in at once, and then we'll proceed
19 with Mr. Sheehan's witnesses.

20 (Whereupon **Deborah M. Gilbertson,**
21 **Francisco C. DaFonte,** and **David G. Hill**
22 were duly sworn by the Court Reporter.)

23 CHAIRWOMAN MARTIN: Okay. Go ahead,
24 Mr. Sheehan.

[WITNESS PANEL: Gilbertson|DaFonte]

1 MR. SHEEHAN: Thank you.

2 **DEBORAH M. GILBERTSON, SWORN**

3 **FRANCISCO C. DaFONTE, SWORN**

4 **DIRECT EXAMINATION**

5 BY MR. SHEEHAN:

6 Q I'll start with Ms. Gilbertson. Could you please
7 introduce yourself?

8 A (Gilbertson) Yes. Hi. My name is Deborah
9 Gilbertson. I am the Senior Manager of Energy
10 Procurement with Liberty Utilities.

11 Q Ms. Gilbertson, how long have you been with
12 Liberty?

13 A (Gilbertson) I've been with Liberty nine years,
14 but prior to that I was with National Grid. So,
15 all together, eighteen years.

16 Q And what capacities have you been with -- let me
17 back up. You've been in the energy procurement
18 field, broadly speaking, for those entire
19 nineteen years, is that correct?

20 A (Gilbertson) With Liberty, I've been in energy
21 procurement for I believe it's nine years.

22 Q Okay. And what roles have you had in energy
23 procurement with Liberty over the past nine
24 years?

[WITNESS PANEL: Gilbertson|DaFonte]

1 A (Gilbertson) I was the Senior Manager of -- I'm
2 sorry, I was the Manager of Retail Choice. And I
3 was at this -- in this position, I'm responsible
4 for purchasing gas for New Hampshire.

5 Q And how many people work for you currently?

6 A (Gilbertson) I have nine people.

7 Q And you said you are responsible for purchasing
8 gas for the Liberty gas utility in New Hampshire,
9 which is EnergyNorth, correct?

10 A (Gilbertson) That is correct.

11 Q I'll draw your attention to Exhibits 2, the
12 confidential version of the Killeen/DaFonte
13 testimony, and 3, which is the redacted version
14 of that same testimony. Mr. Killeen has retired
15 since filing that, is that correct?

16 A (Gilbertson) Yes.

17 Q And you are willing and able and going to adopt
18 Mr. Killeen's testimony here today, is that
19 correct?

20 A (Gilbertson) Yes.

21 Q And the same is true as to the rebuttal
22 testimony, which is Exhibit 4, is that correct?

23 A (Gilbertson) Yes.

24 Q As to those three exhibits, which are two sets of

[WITNESS PANEL: Gilbertson|DaFonte]

1 testimony, do you have any changes or corrections
2 that you would like to bring to the Commission's
3 attention this morning?

4 A (Gilbertson) No, I do not.

5 Q And do you adopt those testimonies today?

6 MR. KRAKOFF: Just an objection. You
7 know, Mr. Killeen was one of the authors of the
8 testimony. So, could you just ask Ms. Gilbertson
9 a few more questions about whether she is
10 competent to answer questions about the
11 testimony, given that she's not a drafter?

12 CHAIRWOMAN MARTIN: Your response,
13 Mr. Sheehan?

14 MR. SHEEHAN: I'm happy to ask her more
15 questions, if that would avoid an objection,
16 certainly.

17 BY MR. SHEEHAN:

18 Q Ms. Gilbertson, have you reviewed carefully the
19 direct testimony and the rebuttal testimony,
20 Exhibits 2, 3, and 4?

21 A (Gilbertson) Yes, I have.

22 Q Do you understand all of the -- you know, what
23 was said in that testimony?

24 A (Gilbertson) Yes, I do.

[WITNESS PANEL: Gilbertson|DaFonte]

1 Q All right. Are many of the topics, if not all of
2 them, topics with which you deal on a daily basis
3 in your work for Liberty?

4 A (Gilbertson) Yes. Most, in some manner of
5 speaking, yes.

6 Q Mr. Killeen, what position did he hold prior to
7 his retirement?

8 A (Gilbertson) He was the Director of Energy
9 Procurement.

10 Q Was he your direct supervisor?

11 A (Gilbertson) Yes, he was.

12 Q Did you work with Mr. Killeen on some portions,
13 on some topics related to the testimony that we
14 have before us today?

15 A (Gilbertson) Yes, I did.

16 Q And you've been familiar with this case since its
17 outset?

18 A (Gilbertson) Yes. Yup. Yes.

19 Q And are you comfortable in adopting Mr. Killeen's
20 testimony today?

21 A (Gilbertson) I am.

22 Q Turning your attention to Exhibit 1, which is the
23 Settlement Agreement, are you familiar with the
24 Settlement Agreement?

[WITNESS PANEL: Gilbertson|DaFonte]

1 A (Gilbertson) I'm sorry. Could you say that again
2 please?

3 Q Sure. Are you familiar with the Settlement
4 Agreement, Exhibit 1?

5 A (Gilbertson) Yes, I am.

6 Q Okay. And there were discussions and
7 negotiations leading up to that. Did you play
8 some role in those conversations?

9 A (Gilbertson) I'm sorry. I really didn't hear
10 that.

11 Q Sure. I'll try better. Did you play a role in
12 the conversations, discussions, negotiations that
13 led to the Settlement Agreement?

14 A (Gilbertson) I'm familiar with the Settlement
15 Agreement. I've read the Settlement Agreement.
16 I was not in negotiations on the Settlement
17 Agreement.

18 Q Okay. Fair enough. So, I guess I will ask the
19 question again, if, Ms. Gilbertson, do you adopt
20 the testimonies, Exhibits 2, 3, and 4, here
21 today?

22 A (Gilbertson) Yes.

23 Q Mr. DaFonte, I'll run through the same types of
24 questions with you. Could you please introduce

[WITNESS PANEL: Gilbertson|DaFonte]

1 yourself?

2 A (DaFonte) Yes. My name is Francisco DaFonte.

3 I'm the Vice President of Regulated

4 Infrastructure Development for Liberty Utilities.

5 Q Prior to your current position, what was your
6 role with Liberty?

7 A (DaFonte) I have been with Liberty for ten years.

8 And prior to my current position, I was the Vice
9 President of Energy Procurement for Liberty.

10 Q And prior to that, were you in energy procurement
11 for a period of time?

12 A (DaFonte) Yes. I've been in the industry for 35
13 years. I started out with -- as a gas controller
14 for what is now Eversource. And I moved on to a
15 planning role with Eversource. I then was a gas
16 trader and planner with NiSource, which was the
17 former Bay State Gas Company, and Northern
18 Utilities. I then moved into several management
19 roles, as manager, director, of both energy
20 procurement, as well as gas control, with
21 NiSource. That was fifteen years. And then,
22 moved over to Liberty Utilities for the last ten
23 years.

24 Q I've sorry, you dropped off at the end there.

[WITNESS PANEL: Gilbertson|DaFonte]

1 A (DaFonte) Yes. So, after my work at NiSource, I
2 moved over to Liberty Utilities, and that's been
3 for the last ten years.

4 Q And your roles at Liberty were within the Energy
5 Procurement Department, is that correct?

6 A (DaFonte) That's right. I was brought in to
7 establish an Energy Procurement group. I brought
8 in Deborah Gilbertson. She's an important part
9 of the team, and has effectively taken on many of
10 the roles that I previously had in energy
11 procurement.

12 Q Mr. DaFonte, the testimonies, Exhibits 2, 3, and
13 4, bear your name as well. Did you play a role
14 in the drafting of those testimonies?

15 A (DaFonte) Yes, I did.

16 Q Do you have any corrections or changes you would
17 like to bring to the Commission's attention this
18 morning?

19 A (DaFonte) I do not.

20 Q And do you adopt those testimonies, Exhibits 2,
21 3, and 4, here this morning?

22 A (DaFonte) Say it again.

23 Q Do you adopt those testimonies this morning?

24 A (DaFonte) Yes, I do.

[WITNESS PANEL: Gilbertson|DaFonte]

1 Q Also, in front of us, virtually, is Exhibit 1,
2 the Settlement Agreement. Are you aware of the
3 contents of the Settlement Agreement?

4 A (DaFonte) Could you repeat that last part?

5 Q Sure. Are you aware of the terms of the
6 Settlement Agreement, Exhibit 1?

7 A (DaFonte) Yes, I am.

8 Q Okay. In my opening, I gave a very brief
9 historical picture of what brings us here today.
10 I would like to you to just confirm some of
11 those.

12 Were you involved in the 2013 IRP that
13 Liberty filed?

14 A (DaFonte) Yes, I was.

15 Q And is it correct to say that that IRP identified
16 a capacity shortfall?

17 A (DaFonte) Yes. That's right.

18 Q And were you involved in the 2014 filing for
19 approval of the NED contract?

20 A (DaFonte) Yes, I was.

21 Q And what involvement did you have with the NED
22 contract?

23 A (DaFonte) I negotiated the contract with Kinder
24 Morgan. I headed up the analysis that

[WITNESS PANEL: Gilbertson|DaFonte]

1 produced -- or, that identified the NED contract
2 as the least cost alternative at that time. And
3 I provided direct testimony and rebuttal
4 testimony in that docket.

5 Q What were the alternatives available to the
6 Company back in 2013-2014 that the NED contract
7 was compared to?

8 A (DaFonte) There were a couple options. One was a
9 project called "Atlantic Bridge", which was a
10 Enbridge project. And then, the other was a
11 project known as "C", the number "2", and "C",
12 (C2C), which was a PNGTS project.

13 Q And those -- the goal of those projects, from the
14 Company's perspective, were to do what? What was
15 the Company trying to obtain through one of these
16 three projects?

17 A (DaFonte) The Company looked at both of those
18 projects as options to provide incremental
19 capacity for the Company to meet its shortfall,
20 its projected shortfall.

21 Q And, as you said a minute ago, the NED contract
22 was the least costly of the three, the least-cost
23 option of the three, is that correct?

24 A (DaFonte) That is correct. And, you know, I

[WITNESS PANEL: Gilbertson|DaFonte]

1 would add also that the NED contract provided us
2 some reliability benefits to EnergyNorth, as it
3 was a secondary feed into the Company's
4 distribution system.

5 Q And that's because the NED Project, if built,
6 would have connected to the Company's system
7 somewhere other than where the Concord Lateral
8 connects to the Company's system, is that
9 correct?

10 A (DaFonte) That is correct. It would have
11 connected on the west end of the Company's
12 distribution system in Nashua, and it would have
13 taken much of the burden off of the Concord
14 Lateral, which is the sole pipeline that serves
15 EnergyNorth.

16 Q What were the volumes of the NED contract that
17 the Company was going to purchase?

18 A (DaFonte) The total volume on the contract was
19 115,000 dekatherms. However, 50,000 of the
20 Company's existing capacity would have been
21 rolled into that agreement, such that the
22 incremental amount of the contract was only
23 65,000 dekatherms.

24 Q And that 50,000 of capacity you're mentioning is

[WITNESS PANEL: Gilbertson|DaFonte]

1 capacity the Company still holds, is that
2 correct?

3 A (DaFonte) That is correct. That capacity is
4 identical, in terms of the receipt point at
5 Dracut, as the contract before us today.

6 Q And how was the NED contract different as to its
7 receipt point?

8 A (DaFonte) The NED contract had a receipt point in
9 New York, which would tie into the Algonquin
10 pipeline. And several other projects were being
11 proposed to provide supply to that, that receipt
12 point.

13 Q And were there benefits to having a receipt point
14 in New York, rather than Dracut, Massachusetts?

15 A (DaFonte) Yes, there would be. The Dracut,
16 Massachusetts, receipt point is one of the
17 highest, or if not the highest, price points in
18 the U.S. And there is not a lot of liquidity, so
19 not a lot of sellers at that location. Whereas,
20 the receipt point for NED would have had multiple
21 suppliers at that location and provided a supply
22 diversity to the Company.

23 Q And, of course, the Commission approved the
24 Company's decision to sign the NED contract, is

[WITNESS PANEL: Gilbertson|DaFonte]

1 that correct?

2 A (DaFonte) That is correct.

3 MR. KRAKOFF: Objection. I'm just
4 objecting based on relevance. This is a
5 different docket than the NED docket.

6 CHAIRWOMAN MARTIN: Mr. Sheehan?

7 MR. SHEEHAN: Certainly. The relevance
8 of the Commission's approval of the NED contract
9 is the Commission's agreement then of the need
10 and of the cost of the NED contract to satisfy
11 that need. And we can compare that to the
12 current need and the reasonableness of the cost
13 to satisfy that current need today.

14 CHAIRWOMAN MARTIN: Overruled. Go
15 ahead.

16 BY MR. SHEEHAN:

17 Q So, my question was, Mr. DaFonte, that we know
18 that the Commission approved the NED contract in
19 the Fall of 2015, is that correct?

20 A (DaFonte) That is correct.

21 Q And we also know that the NED Project was
22 canceled. Is the Spring of '15 the right
23 timeframe for that?

24 A (DaFonte) That's correct.

[WITNESS PANEL: Gilbertson|DaFonte]

1 Q And what was the Company's reaction when -- what
2 was your reaction when you learned that the NED
3 project was being canceled?

4 A (DaFonte) Well, certainly, it was disappointing
5 that it was canceled. But it did give me a
6 pause, some concern with regard to trying to
7 satisfy the shortfall in capacity that was
8 effectively acknowledged by Staff through a
9 Settlement Agreement, and the Commission through
10 its order. And, so, at that time, not only was
11 this a blow to Liberty, but for most of the other
12 New England LDCs, as they were part of the
13 project as well. And, so, everybody had to
14 basically start from square one to try to address
15 each company's specific capacity shortfalls.

16 Q And that "starting from square one" is what began
17 in the Summer of 2016, is that correct?

18 A (DaFonte) That is correct.

19 Q And we certainly don't need to get into the
20 details of the Granite Bridge Project, but that
21 was what the Company decided would be the
22 solution to its capacity needs after the
23 cancellation?

24 A (DaFonte) That's correct.

[WITNESS PANEL: Gilbertson|DaFonte]

1 Q Okay.

2 A (DaFonte) That was the least-cost alternative at
3 the time.

4 Q And the comparison, the other option available to
5 the Company, as laid out in the Granite Bridge
6 proceedings, was a physical upgrade of the
7 existing Concord Lateral, is that correct?

8 A (DaFonte) That is correct.

9 Q And we don't need to get into numbers, but the
10 projected cost of Granite Bridge, as compared to
11 the approved cost of the NED, which was higher
12 and which was lower?

13 A (DaFonte) The Granite Bridge Project costs were
14 lower than the NED costs.

15 Q And, again, we don't need to litigate that.
16 There are certainly contingencies, and we didn't
17 build it, so we don't know the actual cost. But
18 what was presented in our case was, in fact, that
19 Granite Bridge was less costly than NED, correct?

20 A (DaFonte) That is correct.

21 Q And also less costly than the estimated cost for
22 Tennessee to upgrade the Concord Lateral?

23 A (DaFonte) That is also correct.

24 Q So, the IRP that we filed in the Fall of '17 and

[WITNESS PANEL: Gilbertson|DaFonte]

1 the Granite Bridge docket that we filed in the
2 Fall of '17 were related, in the sense that
3 the -- let me back up. We filed an IRP in the
4 Fall of '17, is that correct?

5 A (DaFonte) That is correct.

6 Q And did that IRP identify a capacity shortfall?

7 A (DaFonte) Yes, it did.

8 Q And was that capacity shortfall in any way
9 materially different than what had been
10 identified in the 2013 IRP?

11 A (DaFonte) No, it was not.

12 Q Were there any differences in how the Company
13 went about calculating or forecasting that
14 shortfall?

15 A (DaFonte) Could you repeat that please?

16 Q Sure. Did we follow the same process, planning
17 process, in the 2017 IRP, in determining that
18 there was a shortfall, as compared to the 2013
19 IRP?

20 A (DaFonte) Yes, we did. The forecasting
21 methodology was similar to the IRP, the approved
22 IRP in 2013.

23 Q And the Granite Bridge Project was, as the
24 Company positioned it, the way to solve that

[WITNESS PANEL: Gilbertson|DaFonte]

1 capacity shortfall that existed in the Fall of
2 '17, is that right?

3 A (DaFonte) That is correct.

4 Q The 2017 IRP had a forecast that is now roughly
5 four years old. Has the Company looked at how
6 accurate that forecast has been?

7 A (DaFonte) Yes. Yes, it has. And the forecast
8 was actually slightly lower than the actuals. In
9 other words, you know, our actual normalized
10 usage is higher than what the Company initially
11 forecasted in the 2017 LCIRP.

12 Q And, if I point you to your direct testimony,
13 Exhibit 2, at Page 16, there's a chart and some
14 words there. Is that where the Company has
15 provided evidence of that fact, that the actual
16 normalized use is higher than what was forecasted
17 in the 2017 IRP?

18 A (DaFonte) That is correct. And that table was
19 further updated as part of a data request, which
20 I believe is "Exhibit 5", in response to PLAN
21 1-7, which basically added on another year for
22 comparison. And that continued to show that the
23 actual usage was higher than the forecast.

24 Q So, the table on Bates 016 of the direct

[WITNESS PANEL: Gilbertson|DaFonte]

1 testimony is the same as the table on Exhibit 5,
2 except Exhibit 5 has been updated, is that what
3 you said?

4 A (DaFonte) That is correct.

5 Q And can you explain for us the captions, I'm
6 looking at Exhibit 5, and tell us what they mean?
7 What is the "Updated Base Case - Normal Year"?
8 What is that?

9 A (DaFonte) That is the updated forecast that was
10 provided in DG 17-198, which was the Granite
11 Bridge docket. And then, the "Normalized Actual
12 Demand" is basically what the actual usage was
13 when the weather was normalized. And then, the
14 forth column over is the difference between what
15 the updated base case normal year forecast was
16 and the normalized actual demand. And lastly,
17 you can see the percent difference.

18 I would note that, for 2019/20, that
19 was impacted by COVID-19, and the demand -- the
20 normalized actual demand for the split year was
21 lower. However, in my direct testimony, Exhibit
22 2, that was just solely the Winter of '19/20.
23 And, in that particular table, you can see that
24 the difference was higher, meaning that the

[WITNESS PANEL: Gilbertson|DaFonte]

1 actuals were higher than the forecast. So, there
2 was certainly some impact from COVID as it
3 stretched across that 2019/20 split year.

4 Q Going back to Exhibit 2, the direct testimony, on
5 Page 17, there's a chart titled "Updated Base
6 Case Design Day Demand and Resource Portfolio".
7 Can you just briefly explain what that table is
8 intended to show?

9 A (DaFonte) Yes. It basically intends to show the
10 difference between our existing resources versus
11 our projected design day demand. And, so, the
12 blue line is labeled as the "Updated Base Case
13 Design Day Demand", and then we show the
14 different layers of resources that we have.
15 Clearly, we are in a shortfall position beginning
16 in 2021/2022.

17 Q And a design day demand forecast is obviously the
18 Company's forecast of what the highest use day
19 could be, is that right?

20 A (DaFonte) Yes. That the design day is what we
21 have to plan for. In other words, you know,
22 we're looking at the coldest day of the year,
23 based on a -- potentially a calculation using a
24 Monte Carlo analysis, and establishing that our

[WITNESS PANEL: Gilbertson|DaFonte]

1 coldest day, for planning purposes, would be
2 approximately 70 heating degree days. And the
3 design day consistently looks at what that demand
4 would be based on hitting that 70 heating degree
5 day level.

6 Q And is it the Company's obligation to be able to
7 plan for and meet a design day demand?

8 A (DaFonte) Absolutely.

9 Q As discussed in the Granite Bridge litigation, in
10 the Fall of '19, the Company learned that
11 Tennessee may have capacity available on the
12 Concord Lateral at prices that were lower than
13 the projected Granite Bridge prices, is that
14 correct?

15 A (DaFonte) That is correct.

16 Q And we spent a lot of time in the Granite Bridge
17 cost hearing this summer talking about the
18 process of first learning about those lower
19 prices in the Fall of -- well, it started in the
20 Summer of '19, but even lower in the Fall of '19,
21 and how the Company negotiated through the first
22 half of 2020 to reach what is now the contract at
23 issue here today. Is that correct?

24 A (DaFonte) Yes. That is correct.

[WITNESS PANEL: Gilbertson|DaFonte]

1 Q And the costs related to the current agreement
2 before the Commission, how does that compare to
3 the projected cost of the Granite Bridge Project?

4 A (DaFonte) The costs of this contract is
5 significantly lower than the Granite Bridge
6 Project. I would also add that, when we learned
7 about the lower estimated capacity costs from
8 Kinder Morgan in the Fall of 2019, those costs
9 were also significantly higher than what we
10 ultimately negotiated and put forward as part of
11 this docket. So, the Company continued to
12 negotiate with Kinder Morgan in order to get the
13 absolute lowest possible cost for its customers.

14 Q And is it correct to say the items that were
15 negotiated were things such as where Tennessee
16 would be delivering the gas, and how much work
17 Tennessee would have to do to get certain
18 quantities of gas to certain locations, i.e.
19 Nashua or Manchester or Concord, those were all
20 the variables that were discussed with Tennessee,
21 is that correct?

22 A (DaFonte) That is correct. We actually had -- we
23 requested Tennessee to run approximately 16
24 different scenarios that had various delivery

[WITNESS PANEL: Gilbertson|DaFonte]

1 points, and required various levels of capital
2 investment from Tennessee. And, ultimately, the
3 contract before us today is what ended up being
4 the least-cost alternative.

5 Q In your direct testimony, the latter part of it,
6 discusses the cost comparison of the option that
7 we chose, the Londonderry option, versus what was
8 probably the number two option, delivering the
9 gas to Nashua, and it has the analysis and
10 calculations of why we chose the option that we
11 chose, is that correct?

12 A (DaFonte) That is correct.

13 Q And that was also a least-cost analysis?

14 A (DaFonte) Yes. That was, taken in totality, it
15 was the absolute least cost.

16 Q The contract in front of us today, which is
17 attached to your direct testimony, the document
18 itself, can you give us some sort of "big
19 picture" context of that document? What kind
20 of -- it's a gas transportation agreement. Where
21 do those come from? How are they regulated,
22 *etcetera*?

23 A (DaFonte) I'm not sure I caught that entirely. I
24 think you wanted me to describe the contract

[WITNESS PANEL: Gilbertson|DaFonte]

1 itself, is that correct?

2 Q Yes, please. And how it compares to other
3 capacity contracts that you've dealt with over
4 your career?

5 A (DaFonte) Yes. So, this particular contract,
6 it's for 40,000 dekatherms per day, with a
7 receipt point at Dracut, and the delivery point
8 at the Londonderry gate station, which currently
9 serves the Granite Ridge power plant. And, in
10 terms of how it compares to other contracts that
11 I have been involved in negotiating, it is the --
12 what we call the "recourse rate" for Tennessee,
13 which is the rate -- the lowest rate that they
14 can offer to a customer. Also, the term of 20
15 years is Tennessee Gas pipeline's standard term
16 of an agreement.

17 And what is a little bit unique about
18 this contract is that we were able to negotiate
19 essentially a one-year term with a provision that
20 would allow us to reduce the volume after that
21 first year, should we not receive approval of the
22 contract.

23 Q And that was the -- what could be called the
24 "regulatory out" clause of this contract, that

[WITNESS PANEL: Gilbertson|DaFonte]

1 would protect the Company should the Commission
2 elect not to approve it, is that right?

3 A (DaFonte) That is correct.

4 Q Is Tennessee's -- are Tennessee's rates
5 regulated?

6 A (DaFonte) Yes. They're regulated by the Federal
7 Energy Regulatory Commission.

8 Q And is Tennessee's tariff also regulated by the
9 FERC?

10 A (DaFonte) Yes, it is.

11 Q Does the contract in front of us today require
12 Tennessee to engage in any construction?

13 A (DaFonte) It does not require any construction on
14 the part of Tennessee Gas Pipeline.

15 Q And, if we look back to the design day chart we
16 were discussing a few minutes ago, how would that
17 chart change with approval of this contract?

18 A (DaFonte) The chart would basically show that
19 there was -- and I'm looking at Figure 2 of
20 Exhibit 2, this is the chart that we're showing
21 the design day relative to the Company's existing
22 resources. So, what would effectively happen is
23 that, by adding the 40,000 dekatherm contract
24 onto the existing resources, the Company would

[WITNESS PANEL: Gilbertson|DaFonte]

1 then have, for this winter, approximately 100 --
2 202,000 dekatherms, which would provide the
3 Company with sufficient capacity to meet its
4 design day need.

5 There is a contract that drops off in
6 '22/23. But that 40,000 dekatherm contract
7 before us today would cover that dropoff as well.

8 Q And, if you go down a couple pages in the
9 testimony to Bates 018, there's a table that has,
10 I think -- well, let me ask you. Does that table
11 have the numbers that support the chart in Figure
12 2, the table in Figure 2?

13 A (DaFonte) Yes. It shows the design day
14 deficiency. So, in the far right column, for
15 '21/22, we show a deficiency of "12,585
16 dekatherms". Obviously, if you add 40,000
17 dekatherms to that portfolio, which is currently
18 162,000, you would then be able to meet that,
19 satisfy that deficiency. And that, you know, as
20 we stated previously, we do lose a contract in
21 '22/23, but that 40,000 dekatherm contract would
22 still cover that shortfall pretty much right
23 through '25/26.

24 Q What if the design day demand that we're seeing

[WITNESS PANEL: Gilbertson|DaFonte]

1 on this table does not increase as it's shown,
2 from 174,000 now, to say 200,000 in '28/29, how
3 would the Company respond if, in fact, the demand
4 flattened out or even decreased, due to whatever
5 reason?

6 A (DaFonte) The Company's portfolio is very
7 flexible. We have two contracts in the portfolio
8 that have identical receipt points at Dracut.
9 They're effectively the same rate as the contract
10 before us today. We do have a termination option
11 in 2025 for one of those contracts, which is for
12 20,000 dekatherms. We also have then a
13 termination option in 2029 for the second
14 contract, which is 30,000 dekatherms. So,
15 effectively, we could reduce our portfolio by
16 50,000 dekatherms, which would be less than what
17 we're contracting for, meaning that the 40,000
18 that we're contracting for today would
19 effectively be, you know, eliminated and then
20 some, in terms of the capacity availability in
21 the Company's portfolio. But we certainly don't
22 see that, even if there was no additional growth
23 for the Company, you know, these existing
24 contracts would still be required at some level.

[WITNESS PANEL: Gilbertson|DaFonte]

1 Q So, even though this is a 20-year contract, the
2 Company still has the ability to react to flat or
3 decreased demand, should that happen, is that
4 correct?

5 A (DaFonte) Yes. That's right. It's effectively a
6 five-year contract, that can be reduced from
7 40,000 to 20,000 dekatherms. And then, in 2029,
8 you could further reduce it, effectively
9 eliminating it in its entirety by terminating the
10 second contract from Dracut.

11 Q And, on the other side, if the design day
12 forecast that we are looking at follows the
13 projections of increasing over 200,000, that
14 would require the Company in a few years to
15 address yet again a shortfall, is that right?

16 A (DaFonte) Yes. So, I think the fact that we are
17 here in 2021 discussing a contract to meet the
18 Company's deficiency that was identified in 2013
19 demonstrates that the planning process to meet
20 future requirements requires a significant amount
21 of time. So, the Company is obligated to meet
22 its customers reliably and cost-effectively, and
23 that takes time. So, we have to start looking at
24 that deficiency today. Because of the fact that

[WITNESS PANEL: Gilbertson|DaFonte]

1 these -- any project that we proposed, whether
2 it's by a company or by a pipeline, it's going to
3 take a significant amount of time. So, the
4 Company can't wait until, you know, the year
5 before that deficiency occurs to try and come up
6 with a solution. So, it's imperative that the
7 Company begin looking at alternatives today.

8 Q Mr. DaFonte, your testimony also discusses what
9 we have called the "on-system enhancements", the
10 distribution projects that will follow in the
11 coming years. Is the Company seeking approval of
12 those projects here?

13 A (DaFonte) No, it's not. This is a simple
14 capacity contract, you know, essentially
15 identical to prior contracts. The NED contract
16 is one that we talked about. The Company also
17 entered into a contract with PNGTS a few years
18 ago, and s similar type of capacity contract.
19 So, it does not seek any prior approval for any
20 on-system enhancements.

21 Q And that leads into the Settlement Agreement
22 itself, Exhibit 1, which does have language to
23 that effect. That the Settling Parties, the OCA,
24 and the Department of Energy are not signing on

[WITNESS PANEL: Gilbertson|DaFonte]

1 to any approval of those on-system enhancement
2 projects, is that correct?

3 A (DaFonte) That is correct.

4 Q Turning to the --

5 MR. DEXTER: Madam Chair, I'm sorry to
6 interrupt. Could I ask Attorney Sheehan to
7 repeat that last question? I heard the answer,
8 but I didn't hear the question, except I did hear
9 "Department of Energy".

10 MR. SHEEHAN: Sure. The Settlement
11 Agreement contains language that approval of the
12 contract does not imply approval of the on-system
13 enhancements, and that's specifically called out
14 in the Settlement Agreement. Is that right, Mr.
15 DaFonte?

16 MR. DEXTER: Thank you.

17 BY MR. SHEEHAN:

18 Q Turning to the Settlement Agreement, Mr. DaFonte,
19 Section 2 is a fairly short section that
20 essentially says the Settling Parties agree that
21 the Tennessee contract is prudent and recommend
22 the Commission approve it, is that right?

23 A (DaFonte) Correct.

24 Q Can you please explain Section 3, titled

[WITNESS PANEL: Gilbertson|DaFonte]

1 "Planning Standards"? What is intended to be
2 accomplished in Section 3?

3 A (DaFonte) The Settlement Agreement basically
4 requires the Company to modify its design day
5 calculation based on the most recent 30 years
6 immediately preceding the LCIRP filing. The
7 Agreement also is looking at the deficiency
8 analysis for design day that would be in line
9 with that 30-year heating degree day calculation,
10 meaning that whatever is determined to be the new
11 heating degree day, which is the peak day, that
12 would be used to calculate the supply deficiency
13 for the 2022 LCIRP, if, in fact, this contract is
14 not approved, but in the Settlement Agreement it
15 is the recommendation of Staff that the contract
16 be approved. So, we hopefully will not see any
17 deficiency at that time.

18 There's also a provision in there, from
19 a planning perspective, that requires the Company
20 to notify the Department of Energy with regard to
21 any plans for the Company to terminate or extend
22 any contracts that originate from Dracut,
23 Massachusetts, which would effectively be the two
24 that I've discussed so far today. The Company

[WITNESS PANEL: Gilbertson|DaFonte]

1 has no issues with any of those requests from the
2 Department of Energy Staff.

3 Q Mr. DaFonte, the first section, where it calls
4 for a different design day analysis, as you
5 described it, has the Company looked at how that
6 may change its design day forecast, if it applies
7 this new, different standard?

8 A (DaFonte) Yes. The Company has done, you know, a
9 very short analysis, where it looked at the a
10 calculation based on the 30-year -- the most
11 recent 30 years of weather data. And it
12 basically looked at a standard deviation of one
13 heating degree day from the current calculated
14 design day/heating degree day level. And it was
15 effectively a one heating degree day reduction.
16 So, instead of the current 70.4 heating degree
17 day for design day, it's approximately 69.4 for
18 the future calculation.

19 Q So, is it fair to say this provision is just
20 asking the Company to use a different way to
21 calculate design day with which the Company is
22 comfortable?

23 A (DaFonte) Yes. Yes. But, you know, when it's --
24 when using even that lower heating degree day to

[WITNESS PANEL: Gilbertson|DaFonte]

1 calculate design day, there was still a
2 significant deficiency. And I think that clearly
3 is, you know, acknowledged by the Department of
4 Energy Staff, and that was partly part of the
5 reasoning why they recommend approval of this
6 current contract before the Commission today.

7 Q Mr. DaFonte, Section 4 is titled "Propane
8 Facilities". First, some background. Can you
9 tell us what are the Company's propane
10 facilities?

11 A (DaFonte) Sure. The Company has four propane
12 facilities, but only three of those are directly
13 connected to the Company's distribution system.
14 The Company uses these propane facilities to add
15 supply into their distribution system on the
16 coldest days of the year. That supply of propane
17 is blended with natural gas flowing in the
18 pipeline. Propane itself can not be directly
19 injected into the distribution system. So, it
20 does have to be blended with natural gas. And
21 we've used, as part of the design day resource
22 capacity, the design capacity of these
23 facilities. However, we have never been able to
24 attain that design capacity.

[WITNESS PANEL: Gilbertson|DaFonte]

1 And we've conducted some studies to try
2 to determine what the actual operational capacity
3 of those facilities would be. And, you know, we
4 do certainly believe that there is -- that
5 operation capacity is much lower than the design
6 capacity. And, so, we are continuing to conduct
7 those, you know, those -- that analysis, if you
8 will, and certainly would look to speak with the
9 Department of Energy and the Consumer Advocate,
10 once we have finalized some of that information.
11 And that's part of what's in the Settlement.
12 There will be communication.

13 There's also reporting requirements
14 with regard to propane. The Company has seen
15 some significant impacts to certain customers on
16 its system when it makes propane and injects it
17 into the distribution system. And part of that
18 problem is that, you know, higher energy
19 efficient equipment does not perform well when
20 propane is injected. It's a very -- there's a
21 much smaller delta that the equipment can
22 withstand based on the BTUs in the system, and
23 it's -- and we've had complaints that the
24 equipment has shut down or it has not functioned

[WITNESS PANEL: Gilbertson|DaFonte]

1 properly. So, we have acknowledged that those
2 customers, as they report in with problems, as we
3 manage those problems, we would also provide that
4 information to Department of Energy.

5 So, these are things that we believe
6 are very important. They will impact what our
7 actual available resources might be. There are
8 possibilities that the Company would have to
9 retire some propane plants, if they continue to
10 create problems with customer equipment,
11 particularly as more customers, you know, include
12 or implement high-efficiency equipment. So,
13 those are things, as I said, we will continue to
14 work very closely with Department of Energy and
15 Consumer Advocate on how best to address those
16 issues.

17 Q Is it fair to summarize Section 4 as the Company
18 agreeing to collect data, keep parties informed
19 about the propane facilities and their
20 performance, which data everyone can use some
21 years down the road in deciding the fate of those
22 propane facilities? Is that fair?

23 A (DaFonte) That is correct.

24 Q Mr. DaFonte, you're aware that Conservation Law

[WITNESS PANEL: Gilbertson|DaFonte]

1 Foundation is opposing Commission approval of
2 this contract, is that right?

3 A (DaFonte) Yes.

4 Q And Dr. Hill has filed testimony, and your and
5 Ms. Gilbertson's response to that testimony is in
6 your rebuttal testimony. Is that fair?

7 A (DaFonte) Yes. That's fair.

8 Q And, without going into detail of your rebuttal
9 testimony, can you give me sort of a high-level
10 response, the Company's high-level response to
11 Dr. Hill's approach to this contract?

12 A (DaFonte) Sure. In our opinion, and based on our
13 analysis, in review of Dr. Hill's testimony, we
14 believe that Dr. Hill is introducing various
15 assumptions that should be undertaken by the
16 Company and incorporated into its planning
17 process and its forecasting process. These
18 assumptions effectively are speculative. And,
19 even if those assumptions were incorporated into
20 the Company's planning, they would -- it would
21 still require the Company, that is it would still
22 require additional capacity going forward. And,
23 as stated previously, because of the flexibility
24 in the Company's portfolio, the Company has the

[WITNESS PANEL: Gilbertson|DaFonte]

1 ability to manage its portfolio based on changing
2 annual requirements into the future.

3 And also, I would add that a bunch of
4 what Dr. Hill introduced are issues or
5 assumptions that currently aren't either
6 legislated or regulated as part of the Company's
7 required planning process.

8 Q Thank you. Mr. DaFonte, to conclude, do you
9 believe it was -- the Company was prudent in
10 negotiating and signing the Tennessee contract
11 that's before the Commission today?

12 A (DaFonte) Yes. Absolutely. I would say that,
13 based on over 35 years of experience dealing with
14 contracts and dealing with reliability of the
15 distribution system, that this contract is as
16 good a contract as I've been involved with
17 negotiating over my 35 years in the industry.

18 Q Ms. Gilbertson, do you agree?

19 A (Gilbertson) Yes, I do.

20 Q And can you tell me how this -- approval of this
21 contract will affect your day-to-day work and
22 supplying gas to New Hampshire?

23 A (Gilbertson) The contract would be utilized
24 mostly in the wintertime, when -- on peak days

[WITNESS PANEL: Gilbertson|DaFonte]

1 and cold days, when we need the capacity. We're
2 going to be in big trouble without it.

3 MR. SHEEHAN: Thank you. I have
4 nothing further for this panel.

5 CHAIRWOMAN MARTIN: Okay. Thank you.
6 And, as I understand from the Settlement
7 Agreement, the Settling Parties will not conduct
8 cross of these witnesses?

9 MR. KREIS: That's my understanding,
10 Madam Chairwoman.

11 CHAIRWOMAN MARTIN: Okay. Mr. Dexter?

12 MR. DEXTER: Well, I guess I'd like to
13 ask one question for clarifying purposes. And I
14 don't mean this to contradict the Settlement
15 Agreement at all, but I think it might be
16 helpful.

17 CHAIRWOMAN MARTIN: Any objection?

18 *(Atty. Sheehan indicating in the*
19 *negative.)*

20 CHAIRWOMAN MARTIN: Okay. Seeing no
21 objection, go ahead, Mr. Dexter, and then I'll go
22 to Mr. Krakoff.

23 MR. DEXTER: Thank you.

24 **CROSS-EXAMINATION**

[WITNESS PANEL: Gilbertson|DaFonte]

1 BY MR. DEXTER:

2 Q Mr. DaFonte, in your direct testimony at least
3 twice you mentioned "Kinder Morgan", once in
4 relation to the NED pipeline and once in relation
5 to negotiating the current -- what we're calling
6 the "Tennessee Gas Pipeline contract". Are
7 Kinder Morgan and Tennessee the same entity or --
8 well, let me ask you that first. Are they the
9 same entity?

10 A (DaFonte) Tennessee Gas Pipeline's parent is
11 Kinder Morgan.

12 Q So, when you mentioned negotiating the contract
13 that's currently before the Commission, and you
14 said you had Kinder -- I think you said you had
15 Kinder Morgan run 14 scenarios, where you
16 discussed with Kinder Morgan about bringing the
17 price down from what they originally offered, did
18 you mean Tennessee or is there no significant
19 difference between the two of them?

20 A (DaFonte) There's really no significant
21 difference. It's that the folks on the Kinder
22 Morgan side that we negotiate with. They're what
23 we would call the "corporate employees", and they
24 represent Tennessee Gas Pipeline here in the

[WITNESS PANEL: Gilbertson|DaFonte]

1 Northeast. There are others in corporate that
2 represent other Kinder Morgan pipelines. So,
3 effectively, there is really no difference
4 between Tennessee Gas Pipeline and Kinder Morgan
5 as it relates to this contract.

6 Q Okay. Thanks. And then, secondly, you mentioned
7 that the proposed contract is at, you used the
8 term "lowest rate possible", and, secondly, the
9 "recourse rate". And, for those of us that
10 aren't as familiar with FERC pricing maybe, could
11 you explain the "recourse rate" and the "lowest
12 rate" a little bit?

13 A (DaFonte) Sure. The "recourse rate" is what the
14 FERC has established as essentially the lowest
15 rate that can be offered by a pipeline without
16 entering into a discounted rate, which would have
17 to be filed with the FERC, and would effectively
18 have to be offered to any other shippers that
19 have essentially the same receipt points. And
20 the "lowest rate" really refers to that recourse
21 rate, that FERC-established rate for customers
22 taking service in what we call "Zone 6", which is
23 the zone. So, every customer in Zone 6 would
24 have that same rate available to them.

[WITNESS PANEL: Gilbertson|DaFonte]

1 Q Well, if that is the rate available, why was
2 Tennessee offering higher rates in the years
3 preceding you getting to the recourse rate?

4 A (DaFonte) Those higher rates were based on the
5 capital investment that Tennessee would have to
6 incur in order to expand the Concord Lateral.
7 So, effectively, it's what their rate of return
8 would be over the 20 year or so depreciation
9 period for their capital investment.

10 MR. DEXTER: Okay. Thanks. That's all
11 I had, Madam Commissioner.

12 CHAIRWOMAN MARTIN: Okay. Thank you.
13 Mr. Krakoff.

14 MR. KRAKOFF: Yes. Thank you.

15 BY MR. KRAKOFF:

16 Q Mr. DaFonte, I want to ask you a question about
17 something you just said a few minutes ago. You
18 know, you were talking about some of the other
19 Tennessee Gas Pipeline contracts, and you said
20 something that, you know, you said "this contract
21 has an effective term of five years." But the
22 actual term in the Tennessee Gas Pipeline that
23 you're seeking approval of today is 20 years,
24 correct?

[WITNESS PANEL: Gilbertson|DaFonte]

1 A (DaFonte) That is correct.

2 Q Okay. And the analysis presented in your direct
3 testimony, you know, for your demand forecast,
4 that was for a 20-year period, correct?

5 A (DaFonte) That is correct.

6 Q Okay. Now, you also said something earlier, you
7 know, you said that Liberty has identified the
8 TGP contract as its least-cost resource
9 alternative, correct?

10 A (DaFonte) That is correct.

11 Q Okay. So, would it be fair to say you were
12 motivated, at least in part, in entering into
13 this contract for the least cost integrated
14 resource planning process?

15 A (DaFonte) Yes. It's -- the least cost planning
16 process is that we use, not only for LCIRPs, but
17 in our -- any contract decision-making process,
18 whether it's new contracts or, as I mentioned
19 earlier, you know, existing contracts that we may
20 be able to terminate, as in this case, you know,
21 five years from now, we may be able to terminate
22 an existing contract, we would use the same
23 planning process to make that determination, as
24 to whether we should terminate that contract or

[WITNESS PANEL: Gilbertson|DaFonte]

1 roll it over for another five years.

2 Q Okay. Now, in your direct testimony, you know,
3 you said that customer growth -- Liberty's
4 customer growth has created a need for the
5 Company to acquire additional gas supply pipeline
6 capacity, is that correct?

7 A (DaFonte) That is correct.

8 Q Okay. So, in creating your demand forecast in
9 this case, Liberty considered both the current
10 needs of its customers, which is understandable,
11 but you were also looking at the projected needs
12 of customers or future customers, right?

13 A (DaFonte) Yes. That is correct.

14 Q Okay. And your forecast, you know, they reflect
15 your projected customers -- your projected new
16 customers over the next 20 years, correct?

17 A (DaFonte) That is correct.

18 Q Okay. Now, won't Liberty's new customers, over
19 the next 20 years, won't those be determined, at
20 least in part, by Liberty's promotional efforts
21 over that -- over that time period?

22 A (DaFonte) I would say that, you know, there
23 certainly would be some impact from that, from
24 any promotional efforts that we have in place.

[WITNESS PANEL: Gilbertson|DaFonte]

1 But there are also customers that come to us
2 every day seeking natural gas service. Those
3 customers don't have any promotional materials
4 that are sent to their homes and businesses or
5 what have you. These are just customers that are
6 making a business decision either for themselves
7 or for their companies.

8 Q Sure. But, you know, wouldn't it be fair to say
9 that promotional efforts have some significance?
10 I mean, otherwise, why would Liberty have a
11 marketing department, correct?

12 A (DaFonte) Yes. There is certainly some
13 promotional activity that the Company undertakes
14 to add customers. And, you know, part of the
15 reasoning to do that is, you know, when you do
16 add customers, and you add them economically,
17 then it lowers rates for all customers, since it
18 effectively creates or it adds more billing
19 determinants, if you will, to the system. So,
20 the more customers that can be added
21 cost-effectively, the better off the other
22 customers are as well, since they're, you know,
23 taking less of a, you know, have less of a burden
24 on existing assets.

[WITNESS PANEL: Gilbertson|DaFonte]

1 You know, for example, this contract in
2 particular, if we add more customers, then the
3 costs will be spread out over more customers.
4 So, every customer that we add takes on a share
5 of the existing costs that are incurred by all
6 other customers.

7 Q You criticized Dr. Hill a little bit earlier for
8 making certain assumptions in his testimony.
9 But, you know, isn't Liberty also making certain
10 assumptions regarding, you know, projected new
11 customers that you expect to add over the next 20
12 years?

13 A (DaFonte) Yes. It's making, you know, the
14 Company is making assumptions based on the
15 planning process that has previously been
16 approved by the Commission in the 2013 LCIRP, as
17 well as other contract approvals, such as NED and
18 PNGTS.

19 Q Okay. And, you know, while you can look at the
20 last five years and sort of, you know, see how
21 the Company's demand has grown, you know, and try
22 to project the next 20 years, you are -- you do
23 have to make certain assumptions, correct, in
24 terms of how many new customers you're going to

[WITNESS PANEL: Gilbertson|DaFonte]

1 add?

2 A (DaFonte) Yes. That's correct.

3 Q And you can't -- the past growth by the Company
4 doesn't necessarily determine future growth.
5 Wouldn't that be a fair assessment, a fair
6 statement?

7 A (DaFonte) Well, I think that past growth does
8 impact what the future growth would be, not in
9 and of itself, in terms of just simply taking an
10 econometric model to determine future growth.
11 But, when combined with what our sales marketing
12 team has included or knows of load that is coming
13 onto the system, then that does provide a pretty
14 accurate forecast going forward. Again, not --
15 maybe over 20 years, not so much. But, in the
16 near term, where we have expertise having boots
17 on the ground, they have a pretty good idea as to
18 what new load is going to come onto the system.

19 So, I think, taken in its totality,
20 it's a pretty accurate forecast. And I think the
21 last five years demonstrate that it's pretty
22 accurate, if not a bit conservative.

23 Q And sure. I mean, you just said that, you know,
24 this is kind of a, you know, kind of an obvious

[WITNESS PANEL: Gilbertson|DaFonte]

1 statement, but, you know, obviously, the further
2 out you get, the forecast becomes more -- or,
3 less accurate. Wouldn't you say that's correct?

4 A (DaFonte) Correct. And, you know, as we've shown
5 in our direct testimony and various data
6 responses, you know, this 40,000 dekatherm
7 contract is a short-term contract, meaning
8 "short-term" in the sense that it satisfies or
9 meets our shortfall on design day only for the
10 next five to six years or so. So, we're really
11 looking at what is the accuracy over the next
12 five to six years. And, as we continue to update
13 our forecast and look at other alternatives to
14 meet our longer term needs, we will clearly make
15 decisions based off of that updated forecast.

16 Q Now, you also talked about, in your direct
17 testimony, some of these on-system enhancements
18 that -- distribution enhancements that, you know,
19 Liberty has stated that it needs to undertake,
20 right?

21 A (DaFonte) Yes.

22 Q And now, according to your direct testimony, you
23 know, this is on Bates Page 011, but I'm pretty
24 sure, you know, you're not going to disagree with

[WITNESS PANEL: Gilbertson|DaFonte]

1 this, in your direct testimony, you said that,
2 you know, the Company's words, these on-system
3 enhancements are needed to "optimize deliveries"
4 from the proposed TGP agreement, correct?

5 A (DaFonte) That is correct.

6 Q Okay. So, in other words, I mean, it's the
7 Company's position that it cannot use this
8 additional capacity without these on-system
9 distribution enhancements, correct?

10 A (DaFonte) No. That's not the position of the
11 Company. The position of the Company is that, in
12 order to optimize this capacity, meaning that
13 getting this capacity to the parts of its
14 distribution system where it's needed the most,
15 you know, to continue to reliably serve customers
16 today and in the future, these projects would be
17 necessary.

18 So, it's not really any different from
19 the distribution system enhancements that occur
20 every year, that we either extend out our mains
21 to serve customers or to replace mains or uprate
22 mains. The on-system enhancements would add
23 reliability and resiliency to the Company's
24 distribution system. And that's why we talked

[WITNESS PANEL: Gilbertson|DaFonte]

1 about sort of "optimizing" that capacity.

2 Q All right. I want to draw your attention to --
3 it's Exhibit 10, Bates 013. And this is
4 Liberty's responses to CLF data requests, 1-13.
5 And, you know, here -- have you found it? I'll
6 give you a minute if you haven't?

7 A (DaFonte) I have it.

8 Q Okay. Here the Conservation Law Foundation asked
9 you if the proposed TGP contract could provide
10 the proposed supply benefits without the
11 on-system enhancements of the -- that are
12 estimated at \$45 million, and you said "no". So,
13 you know, would it be fair to say, based on this
14 response, that, you know, you won't be able to
15 fully benefit from the proposed contract without
16 these proposed on-system enhancements?

17 A (DaFonte) Yes. Not in terms of what we consider
18 to be the "benefits" of the contract, meaning
19 that the contract can still be part of the
20 portfolio, but it would not provide the, you
21 know, full supply benefits without undertaking
22 all or a portion of the proposed enhancements.

23 But, nevertheless, whether those
24 enhancements are undertaken or not, the capacity

[WITNESS PANEL: Gilbertson|DaFonte]

1 would still be part of the Company's portfolio,
2 just not, you know, part of an optimal portfolio
3 and distribution system.

4 Q Sure. So, you know, you -- I mean, Liberty would
5 have the additional capacity, but, in your direct
6 testimony, that's Exhibits 2 and 3, on Bates 011,
7 and -- or, Bates -- isn't it true that, you know,
8 that the Company has said that -- strike that
9 reference to the testimony. But isn't it true
10 that the Company has said that it needs to invest
11 in certain on-system distribution enhancements in
12 order to provide additional supply to high-growth
13 areas that the Company has experienced on its
14 distribution network?

15 A (DaFonte) Yes. It has stated that. That this
16 particular delivery location would optimally be
17 able to serve those high-growth areas and provide
18 a backfeed into some of its existing portions of
19 the distribution system.

20 So, in effect, really what the Company
21 is stating is that, by delivering this capacity
22 supply to Londonderry, it is providing the most
23 optimal way to serve customers, existing
24 customers and future customers, for the

[WITNESS PANEL: Gilbertson|DaFonte]

1 distribution system.

2 Q And that's, in part, because Liberty is
3 experiencing high growth in Londonderry and the
4 Manchester area, correct?

5 A (DaFonte) Yes. There's several areas, Manchester
6 and surrounding towns, Nashua and surrounding
7 towns, as well as Londonderry. That is correct.

8 Q Now, in -- again, in Exhibits 2 and 3, I want to
9 direct your attention to Bates Page 020, and
10 Lines 4 through 6. So, you know, in this part of
11 your testimony, I believe you're talking about,
12 you know, when you were developing the proposed
13 Granite Bridge Project, and you identified this
14 Concord Lateral alternative. And, on Lines 4 and
15 6, on Bates 020, you know, you stated that, you
16 know, this alternative that you were considering
17 back then, it would "require TGP to construct
18 incremental facilities on the Concord Lateral.
19 Thus, the Company had confidential discussions
20 with TGP regarding such an expansion of the TGP
21 Concord Lateral." Is that your testimony?

22 A (DaFonte) That is correct.

23 Q Okay. So, and wouldn't it be a fair statement
24 that here, you know, the on-system enhancements

[WITNESS PANEL: Gilbertson|DaFonte]

1 that you're proposing, you know, that they
2 wouldn't require any capital expenditures by TGP,
3 that Liberty here, under the Londonderry -- the
4 identified Londonderry alternative, would, you
5 know, it would make on-system distribution
6 enhancements, and that TGP would not need to make
7 any expenditures to its own pipeline?

8 A (DaFonte) That is correct.

9 Q Okay. And the Company has estimated that these
10 on-system distribution enhancement projects would
11 be around \$45 million, correct?

12 A (DaFonte) Yes.

13 Q And, you know, in your testimony, on Bates Page
14 035, in that footnote, so, it's Exhibit 2 and 3,
15 Bates 035, in the Footnote 32 down at the bottom,
16 you know, and this sort of preliminary
17 construction schedule that you provided in your
18 testimony, Liberty would start undertaking these
19 on-system enhancements next year, in 2022,
20 correct?

21 A (DaFonte) Yes. That's correct.

22 Q And, you know, just earlier you talked about the
23 Settlement Agreement and how you and OCA --
24 Liberty and OCA and Department of Energy, you

[WITNESS PANEL: Gilbertson|DaFonte]

1 know, in this provision -- or, sorry, the section
2 of the Agreement, Section 5, you stated that, you
3 know, under the Agreement, there would be no
4 pre-approval of these on-system enhancements.
5 However, also, you know, it's Liberty's intention
6 that, you know, if the Commission grants -- or,
7 grants Liberty's Petition, that Liberty would
8 start construction next year, correct?

9 A (DaFonte) Yes. And there would be, as part of
10 the Settlement Agreement, the Company would
11 provide updated estimated costs for each of these
12 projects to the Department of Energy, so that
13 they're aware of what the costs are likely to be,
14 and also how the Company intends to uprate its
15 distribution system.

16 Q Okay. Now, -- I'm sorry, were you?

17 A (DaFonte) No. Go ahead.

18 Q You know, so, even though Liberty would provide
19 this information under the Settlement Agreement,
20 you know, you have no intention to seek
21 pre-approval from the Commission prior to
22 undertaking these construction projects, correct?

23 A (DaFonte) That's correct. That's how the
24 Company, Department of Energy have operated over

[WITNESS PANEL: Gilbertson|DaFonte]

1 the years. Whether it's replacing bare steel
2 pipe or upgrading its distribution system, either
3 for reliability reasons or to extend mains to
4 serve customers, those capital projects are all
5 dealt with in a rate case proceeding. So, the
6 process is similar.

7 Q But, in Granite Bridge, you sought pre-approval
8 from the Commission prior to the start of
9 construction, correct?

10 A (DaFonte) Yes. But that was a completely
11 different type of project. That was an upstream
12 project that included capacity and supply from an
13 LNG system. So, that was incremental capacity on
14 the upstream side, which is akin to the upstream
15 capacity that we're talking about here today.

16 The on-system distribution enhancements
17 are completely different. Those are, as I said,
18 are enhancements that we do every year to fortify
19 the distribution system or extend the
20 distribution system. So, I think the parallel is
21 not the same between Granite Bridge and the
22 on-system enhancements that we're proposing here
23 in our testimony.

24 Q But here, but for the TGP contract, Liberty

[WITNESS PANEL: Gilbertson|DaFonte]

1 probably wouldn't undertake these on-system
2 distribution enhancements, correct?

3 A (DaFonte) Could you repeat it? I'm not sure if
4 said "would" or "would not".

5 Q Sorry. I said, you know, but for this TGP
6 contract, Liberty would not need to seek, you
7 know, would not need to undertake these on-system
8 distribution enhancements, correct?

9 A (DaFonte) Actually, no. You know, it's not
10 correct, so far as it wouldn't -- the Company
11 wouldn't have to take on some of these specific
12 on-system enhancements, because these on-system
13 enhancements are tied to a new receipt point in
14 Londonderry.

15 However, any, you know, other option
16 from Tennessee, in particular, the
17 Nashua/Manchester option, that would require some
18 on-system enhancements as well. So, there would
19 be on-system enhancements required no matter if
20 it's this particular capacity contract or an
21 alternative.

22 In addition, you know, if the Company
23 can't get capacity to its -- to the perimeters of
24 its distribution system, then it has to do some

[WITNESS PANEL: Gilbertson|DaFonte]

1 enhancements on its system anyway. That's, in
2 part, not required or would not be required with
3 this new receipt point coming into its
4 distribution system.

5 Q Okay. I want to shift gears a little bit and
6 sort of discuss the demand forecasting that
7 Liberty did in this docket. And Liberty has
8 stated here, and I think it's in your testimony,
9 but -- and I can find it for you, if I need to,
10 but Liberty has stated that its demand forecast
11 here does not include any energy efficiency
12 savings beyond what's included in the 2018 to
13 2020 Triennial Savings Plan, is that correct?

14 A (DaFonte) It does include the most recently
15 approved Triennial Plan. So, those energy
16 efficiency measures are part of the forecast.
17 It's the Triennial -- the current Triennial Plan
18 that's before the Commission and gets approved,
19 and that would be reflected in the forecast going
20 forward.

21 Q Okay. So, to summarize what you just stated, the
22 plan doesn't -- the plan does include -- sorry,
23 strike that.

24 To restate what you stated, the

[WITNESS PANEL: Gilbertson|DaFonte]

1 forecast includes the savings from the most
2 recent plan that was approved by the Commission,
3 which was the 2018 to 2020 Savings Plan, but it
4 doesn't include any savings beyond that, correct?

5 A (DaFonte) Right. It carries forward the
6 projected energy efficiency benefits of the
7 current plan. It's not as if the energy
8 efficiency benefits stop as of 2021, for example.
9 Those energy efficiency benefits continue forward
10 based upon the percentage of reduction related to
11 the energy efficiency measures that are
12 implemented based on that most recently approved
13 Triennial Plan.

14 Q Okay. And you haven't factored in any projected
15 savings from the 2021 to 2023 Plan that the
16 Commission hasn't acted on, correct?

17 A (DaFonte) Correct. If they're incremental, then
18 they would essentially replace what's in there
19 for the Triennial Plan that was approved in 2018,
20 now to 2021. So, you know, as I actually said,
21 there's already some energy efficiency in there
22 related to the currently approved Triennial Plan.
23 It was simply replaced by the new Triennial Plan.

24 Q Okay. But, again, you know, if the Commission

[WITNESS PANEL: Gilbertson|DaFonte]

1 approved the plan, you replace them. But,
2 currently, in your demand forecasting, there's no
3 programs from the 2021-2023 Plan in your models?

4 A (DaFonte) That is correct.

5 Q And, similarly, in your model, there's nothing --
6 no, strike that. Yes, I understand that Liberty,
7 in putting together the -- or, helping to put
8 together the Triennial Plan for 2021 to 2023, you
9 know, sort of put together what it had identified
10 as "cost-effective energy savings", but Liberty's
11 models, you know, they don't make any assumptions
12 about any cost-effective savings that go beyond
13 the 2021 to 2023 Plan, correct?

14 A (DaFonte) Yes, I guess I'm a little bit confused,
15 in terms of how you're wording it. I mean, there
16 are energy efficiency benefits factored into the
17 forecast from the current Plan that's been
18 approved. If there is a new plan, when that new
19 plan gets approved, then the current Plan's
20 energy efficiency measures will be replaced by
21 what's in that new plan. So, we're not talking
22 like "layered in", we're talking replacing the
23 assumptions that are in the current Plan with the
24 new plan.

[WITNESS PANEL: Gilbertson|DaFonte]

1 Q Sure. So, let me ask this a different way. I
2 understand that, you know, if the new plan is
3 approved, you will replace the current
4 assumptions about energy efficiency in there.
5 But Liberty has made no assumptions about future
6 energy savings from future energy efficiency
7 plans into its models, correct?

8 A (DaFonte) We have not made those assumptions.
9 But we have run some scenarios with those
10 assumptions.

11 Q Okay.

12 A (DaFonte) And there is no significant difference.
13 It would not impact the deficiency the Company is
14 going to see over, you know, starting in '21/22,
15 as we said, and, you know, continuing forward.
16 So, the impact would be insignificant. I believe
17 the number was a 0.3 percent reduction in design
18 day requirements in 2038/39.

19 Q And, I mean, that's your assumption about the
20 effect of the 2021 to 2023 Plan, correct?

21 A (DaFonte) That is correct. That's what we were
22 asked to factor in.

23 Q But you haven't looked at potential savings that
24 go beyond that Plan, correct? You haven't

[WITNESS PANEL: Gilbertson|DaFonte]

1 conducted any analysis of potential savings that
2 go beyond the 2021 to 2023 Plan?

3 A (DaFonte) No. That's very speculative as to what
4 that could be. But, as I -- I've said repeatedly
5 today, our portfolio is flexible enough to
6 essentially take into, you know, into account any
7 demand -- future demand scenarios, whether it's
8 lower demand that we forecast or higher demand,
9 we have the ability to either roll over existing
10 contracts or reduce them or terminate them.

11 Q So, to go back to your previous response just
12 now, you know, Liberty hasn't conducted any
13 analysis of whether there are sort of potential
14 energy efficiency savings out there that go
15 beyond the 2021 to 2023 Plan that could
16 materially reduce Liberty's design day demand,
17 correct?

18 A (DaFonte) Yes. I guess I don't know what
19 "materially" means. But, as I stated previously,
20 if you just look out over the next five years,
21 that capacity is going to satisfy the deficiency
22 just in those five years.

23 Now, you know, beyond that, clearly,
24 you know, we're showing a continued deficiency.

[WITNESS PANEL: Gilbertson|DaFonte]

1 But, if that deficiency doesn't materialize, then
2 we don't contract for incremental capacity, we
3 just keep this contract in place. If demand, for
4 some reason, were to go down, we have the ability
5 to terminate existing contracts in our portfolio.

6 So, I think we've sort of covered all
7 the bases, by ensuring that we have a reliable
8 and cost-effective capacity option for our
9 customers in the near term. And then, as we look
10 at alternatives going forward for any incremental
11 demand, we will factor in whatever the most, you
12 know, the most recent information is with regard
13 to either, you know, the Triennial Plan or, you
14 know, customer usage habits.

15 Q Okay. Now, I understand that you disagree with
16 Dr. Hill's conclusions regarding demand response
17 programs. You know, but you haven't conducted
18 your own independent analysis of whether demand
19 response programs could reduce the Company's
20 purported resource deficiency, correct?

21 A (DaFonte) Did you ask if we have conducted them
22 or not?

23 Q I said "you haven't conducted them", right?

24 A (DaFonte) No, we haven't. There is simply not

[WITNESS PANEL: Gilbertson|DaFonte]

1 enough information regarding that, nor is there
2 any legislative or regulatory requirement to do
3 that at this time.

4 Q Would you consider demand response programs a
5 type of load management program?

6 A (DaFonte) I guess it depends on what type of
7 process you would use to do that, meaning what
8 type of customers that you would include as part
9 of demand response, when the demand response
10 would occur, how it would occur, how customers
11 would react, or how the system would react when
12 customers no longer are, you know, are part of
13 the demand response. Meaning that, is it, you
14 know, the peak hour? Is it for an entire day?
15 Is it for several hours? Because, you know,
16 having been in the business for 35 years, and
17 having been in gas control for eight years, we do
18 see this effect called "snapback", which means
19 that, you know, when customers reduce or are part
20 of a demand response program, once the demand
21 response is over, they have to consume even
22 larger amounts of gas, because their furnaces,
23 for example, have to run much longer to get to
24 their thermostat setpoint. We've seen this occur

[WITNESS PANEL: Gilbertson|DaFonte]

1 years ago, before there was any demand resource,
2 we've had power outages that prevented equipment,
3 heating equipment from running. As soon as that
4 power outage was over, we could see the surge in
5 natural gas consumption, which creates, you know,
6 a lot of issues on our distribution system.

7 So, those are things that, you know,
8 really aren't addressed by Dr. Hill. Those are
9 programs that need a lot more detail behind them
10 before they're even considered as viable.

11 Q Okay. I mean, I understand that you disagree
12 with Dr. Hill's testimony, and that's fine. But,
13 you know, again, Liberty hasn't done its own
14 analysis as to whether demand response programs
15 would be feasible, correct?

16 A (DaFonte) That's correct.

17 Q Now, Dr. Hill talked about -- talked in his
18 testimony about electrification, you know, the
19 potential -- his position that there's a
20 potential for electrification of heating in New
21 Hampshire, you know, particularly through the use
22 of heat pumps for water and space heating.

23 Now, a lot of the Company's design day
24 demand is based on its projections regarding new

[WITNESS PANEL: Gilbertson|DaFonte]

1 customer additions, right? You already said
2 that, correct?

3 A (DaFonte) Yeah. Yes.

4 Q And, now, you haven't considered the possibility
5 of whether, you know, over the next 20 years,
6 certain consumers might be interested in adopting
7 electric heating sources, rather than switching
8 to natural gas. That's correct, right?

9 A (DaFonte) Yes, that's correct. We, you know, as
10 far as heat pumps are concerned, there simply
11 isn't enough information as to how those heat
12 pumps would affect design day in the whole
13 region, such as New England, and New Hampshire in
14 particular.

15 There is no study or evidence that
16 Dr. Hill points to that suggests that this
17 equipment will work on the coldest days of the
18 year. And, if they don't work, what's the backup
19 supply for a customer? Is it natural gas? Is it
20 oil? Is it propane? You know, from a design day
21 perspective, that doesn't change anything. If a
22 heat pump can't operate efficiently on design
23 day, and the customer needs to use natural gas on
24 that day, does not change the need of that

[WITNESS PANEL: Gilbertson|DaFonte]

1 customer. It does not change the need for the
2 Company to plan for the design day for that
3 customer.

4 Additionally, I would suggest that, you
5 know, if heat pumps are going to be put in, they
6 would be put in to replace higher cost fuels,
7 such as oil or propane, which, you know, natural
8 gas is certainly a much lower cost. And those
9 are decisions that a consumer would have to take
10 into consideration. Those are decisions that
11 they and they themselves make.

12 Q But, you know, again, you know, Liberty hasn't
13 conducted its own independent analysis of whether
14 electrification would reduce Liberty's design day
15 demand deficiency?

16 A (DaFonte) No, we haven't -- we haven't conducted
17 that. And, you know, we haven't been instructed
18 to conduct that. We do our planning based on
19 what's been approved by the Commission and what's
20 been legislated.

21 If anything changes, like I said, we're
22 looking at this contract as satisfying a
23 near-term deficiency. What you're talking about
24 is something that may or may not happen, and, if

[WITNESS PANEL: Gilbertson|DaFonte]

1 it does happen, it's going to be quite a bit down
2 the road. At which time, as we get more
3 information, and as we monitor other programs
4 across the country, you know, we'll look at, you
5 know, at that impact, when that time comes.

6 But, for what we're talking about
7 today, for this particular contract, this
8 contract is needed just to serve the deficiency
9 that's projected over the next five years or so.
10 That's what we're talking about.

11 So, I don't see, even if heat pumps
12 and, you know, electrification were to take hold,
13 I don't see that as having any material impact on
14 the Company's forecast over the next five years.

15 Q But, again, you conducted a 20-year forecast in
16 your testimony, you didn't conduct a 5-year
17 forecast. So, clearly, what happens over the
18 next 20 years is relevant in this proceeding?

19 A (DaFonte) Well, you know, we're not contracting
20 to meet our 20-year forecast needs. We're
21 contracting to meet our near-term needs, which
22 are basically through 2025/26, roughly. So, yes,
23 the term of the contract is 20 years, but the
24 plan -- the term of the plan itself is about

[WITNESS PANEL: Gilbertson|DaFonte]

1 five years.

2 Q And are you aware that Vermont and Maine had some
3 success in increasing heat pump installations
4 over the past few years?

5 A (DaFonte) I'm only aware of it based on what
6 Dr. Hill provided. But, as I said earlier, there
7 are no details provided in those documents that
8 suggest that heat pumps will operate efficiently
9 during the coldest days of the year. And whether
10 any customers that have installed heat pumps have
11 any backup fuel source, whether it be natural
12 gas, oil, pellet stoves, anything. I haven't
13 seen any information that suggests that that's
14 taking place.

15 And, as I said, on the cold -- even
16 though, for example, if a customer can basically
17 make due with a heat pump for 360 days out of the
18 year, okay, those other five days have to be
19 planned for, in particular, that design day. So,
20 if those customers are going to need their
21 natural gas service for just that design day, or
22 five days or ten days, we have to plan to meet
23 those requirements.

24 So, you know, in summary, I haven't

[WITNESS PANEL: Gilbertson|DaFonte]

1 seen any information that suggest that, you know,
2 heat pumps are going to be the answer to design
3 day requirements for customers.

4 Q So, you know, outside of what, you know, Dr. Hill
5 has presented regarding Maine and Vermont,
6 Liberty hasn't looked into what's happening in
7 those states, vis-à-vis heat pumps, correct?

8 A (DaFonte) No. We have not done our independent
9 analysis of what's going on in those states. We
10 simply are looking at New Hampshire.

11 Q And you really don't know, you know, whether
12 customer preferences might change over the next
13 20 years, to prefer heat pumps to natural gas.
14 And, you know, I understand you disagree with
15 whether heat pumps are viable. But, you know,
16 consumers do weird things sometimes, and you
17 don't know what's going to happen with consumer
18 preferences over the next 20 years, correct?

19 A (DaFonte) Yes. I don't know that. What I do
20 know is that we have a deficiency over the next
21 five years that this contract is going to
22 satisfy. So, what customers decide to do in year
23 6, 7, 8, 9, 20, really is immaterial to the
24 decision that we're making to enter into this

[WITNESS PANEL: Gilbertson|DaFonte]

1 contract to meet our short-term deficiency.

2 Q I want to briefly draw your attention to
3 something that you wrote on -- it's in Exhibit 4,
4 which is your rebuttal testimony, Page 34 of
5 your -- Bates Page 034 of your rebuttal. It's
6 the final paragraph there.

7 And, you know, you sort of talk about
8 "natural gas is the marginal fuel", and
9 regardless of whether heat pumps are adopted or
10 not, your position is that natural gas is to be
11 the marginal fuel for ISO-New England.

12 You know, whether or not natural gas is
13 the marginal fuel for New England at this point,
14 you know, that has no relevance to whether heat
15 pumps are viable in New Hampshire, correct?

16 A (DaFonte) No. I don't think we were addressing
17 the viability of heat pumps. We were addressing
18 the impact environmentally, for its greenhouse
19 gas emissions and carbon emissions. What we're
20 suggesting is that, you know, with the
21 installation of heat pumps, that doesn't
22 necessarily mean that consumption of natural gas
23 is going to go down, because there will be
24 additional generation that's going to be required

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1 to meet those needs of those heat pumps.

2 And what we've seen in the past is
3 that, because there are significant constraints
4 in the Northeast and in New England, the need for
5 natural gas for electric generation is just going
6 to increase. Yet, there is no ability to get
7 additional natural gas to those power plants.
8 So, that's simply just pointing out the fact that
9 it's really, from an environmental perspective,
10 there really isn't much of a difference.

11 Q Are you aware that a majority of, you know, new
12 generation in ISO-New England's interconnection
13 queue right now are renewables?

14 A (DaFonte) No, I understand that. We're just
15 pointing out that, you know, that natural gas is
16 on the margin. And that the need for natural gas
17 for generation is not going to go away any time
18 soon, and certainly not in the next five years,
19 which is when we need our capacity.

20 Q Okay. Turning to your rebuttal again, Bates 035,
21 looking at Lines 1 through 9, so that first
22 paragraph there. You know, Dr. Hill discussed,
23 you know, said basically that Liberty should, you
24 know, conduct its planning, you know, looking at

[WITNESS PANEL: Gilbertson|DaFonte]

1 "future scenarios in which state and regional
2 greenhouse gas emissions are reduced by 50
3 percent by 2030, and by 80 percent or more by
4 2050."

5 Now, you're generally aware that New
6 Hampshire's neighbors, Maine, Massachusetts, and
7 Vermont, you know, all have statewide targets
8 that require mandatory greenhouse gas emissions
9 reductions over the next 30 years?

10 A (DaFonte) Yes. I'm generally aware.

11 Q Okay. And, you know, are you generally aware
12 that some of these states have mandatory
13 greenhouse gas emissions that are similar to what
14 Dr. Hill has proposed here or what Dr. Hill has
15 suggested here?

16 A (DaFonte) I'm generally aware. But I, you know,
17 don't know the details behind it, in terms of
18 whether there are targets specifically for
19 natural gas utilities or natural gas customers,
20 or, you know, or that detail.

21 So, you know, the targets may be more
22 geared towards electric generation or increased
23 use of electric vehicles or those types of
24 emissions reductions that, you know, that would

[WITNESS PANEL: Gilbertson|DaFonte]

1 be certainly much more impactful than a natural
2 gas heating customer switching over to electric
3 heat pumps.

4 Q So, are you unaware that Maine has a target of
5 reducing emissions by 45 percent by 2030 and 80
6 percent by 2050, and that's economywide?

7 A (DaFonte) I'm just generally aware, based on some
8 of the information that Mr. Hill provided. But,
9 you know, as I said earlier, you know, I'm not
10 planning for Maine, I'm planning for New
11 Hampshire. And I'm specifically planning for
12 EnergyNorth's requirements to meet its deficiency
13 over the next five years. Really, that's what
14 this contract is all about.

15 It's not about looking at greenhouse
16 gas emissions or zero carbon targets or any of
17 that. Those are things that we can address, once
18 the planning process requires them to be
19 addressed or once there's a regulatory
20 requirement, legislative rulemaking, those kind
21 of things that would require us to change the
22 planning process, we would then do that.

23 Right now, there is no requirement.
24 But there is a requirement for us to serve our

[WITNESS PANEL: Gilbertson|DaFonte]

1 customers reliably and economically, and that's
2 simply what we're trying to do with this
3 contract.

4 Q So, I mean, again, you know, you're saying that
5 the Commission should only look at the next five
6 years, but this is a 20-year contract. So, you
7 basically don't think there's a significant risk
8 that New Hampshire or the federal government will
9 enact climate change legislation in the next 20
10 years?

11 A (DaFonte) That's not what I'm saying at all. I'm
12 saying that, you know, the Commission should look
13 at everything in totality. It should look at
14 what our, you know, current contracts are, what
15 our ability to reduce those current contracts is,
16 they should look at, you know, everything,
17 everything that they would typically look at, in
18 terms of whether this is a prudent decision.

19 And, you know, we are clearly showing
20 that we have a deficiency. We've clearly shown
21 that we have the ability to reduce existing
22 contracts, should the demand change. If there's
23 new legislation, whether it be at the federal or
24 state level, we will deal with that when the time

[WITNESS PANEL: Gilbertson|DaFonte]

1 comes. But we have a very flexible portfolio
2 that would allow us to do that.

3 Q So, Liberty models for its demand forecast, they
4 don't -- they don't incorporate the possibility
5 of electrification, you know, increase in
6 electrification or legislation adopting mandatory
7 greenhouse gas reductions over the next 20 years,
8 correct?

9 A (DaFonte) No, they don't. It's, you know, as far
10 as, you know, we look at it, at this point in
11 time, that that's not what our planning process
12 is. If it's required, we'll do it. But anything
13 at this point is purely speculative, in terms of
14 the impact to customers, and, you know, who the
15 targeted customers are going to be. Are they
16 going to go after gas customers or customers that
17 have a greater carbon footprint, like oil
18 customers, propane customers? There's a lot of
19 variables that come into play. We have no way of
20 knowing what is going to be required, you know,
21 five, ten, twenty years from now.

22 We're looking at a near-term
23 deficiency. This contract addresses that
24 near-term deficiency. Once we're required and

[WITNESS PANEL: Gilbertson|DaFonte]

1 have the appropriate information to produce a new
2 forecast, we'll do that. And we'll make the
3 necessary adjustments to the portfolio as
4 required by that forecast.

5 Q Going back to your on-system enhancements for one
6 second. Liberty developed a 60-year amortization
7 schedule for those on-system enhancements, right?

8 A (DaFonte) Yes. That schedule was put together by
9 ScottMadden.

10 Q And that was a 60-year schedule?

11 A (DaFonte) I believe it was, yes.

12 Q Okay. And then, the Company has not conducted
13 any sort of independent environmental analysis of
14 the impacts from the TGP contract, right?

15 A (DaFonte) That is correct.

16 Q Okay.

17 A (DaFonte) It's existing capacity on the
18 Tennessee system. So, it's not incremental. If
19 we don't use it, somebody else will. So, I don't
20 believe the GHG impact is any different. It's
21 not a new pipeline or new supply or anything of
22 that nature. It's existing, it's pipe in the
23 ground.

24 Q But you didn't conduct any sort of greenhouse gas

[WITNESS PANEL: Gilbertson|DaFonte]

1 emissions cycle analysis or anything like that,
2 right?

3 A (DaFonte) No. Again, that's not part of the
4 approved planning process.

5 CHAIRWOMAN MARTIN: Mr. Krakoff?

6 MR. KRAKOFF: All right. I think I'm
7 almost done with my questions, but let me just
8 take one quick look.

9 CHAIRWOMAN MARTIN: I was just going
10 to ask you if you were almost done, because
11 otherwise I would take a break for
12 Mr. Patnaude's sake. But, if you think you'll
13 be done in the next ten minutes or so, we can
14 continue?

15 MR. KRAKOFF: Yes. I think I'm
16 pretty much done. But let just take a quick
17 look here.

18 CHAIRWOMAN MARTIN: Okay.

19 *(Short pause.)*

20 MR. KRAKOFF: Okay. I have no further
21 questions of Mr. DaFonte.

22 CHAIRWOMAN MARTIN: All right. Thank
23 you, Mr. Krakoff.

24 We are going to break for lunch right

[WITNESS PANEL: Gilbertson|DaFonte]

1 now, until 12:35. Off the record.

2 (The Morning Session was recessed at
3 12:06 p.m., and the Afternoon Session
4 of the hearing to resume at 12:35 p.m.
5 Please note that the transcript of the
6 Afternoon Session to be submitted as a
7 separate transcript identified as
8 **"Afternoon Session ONLY"**)

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