



STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DG 18-XXX

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Winter 2018/2019 Cost of Gas Filing
Summer 2019 Cost of Gas Filing

DIRECT TESTIMONY
OF
DEBORAH M. GILBERTSON

August 31, 2018

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

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

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

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

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

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

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

2 A. The purpose of this testimony is to summarize the gas supply and firm transportation
3 portfolio and the forecasted sendout requirements for EnergyNorth for the 2018/19 peak
4 and off-peak seasons. This information is provided in significantly more detail in the
5 schedules that the Company is including with this filing.

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

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

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

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

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

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

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

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

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

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

10 **Q. Have there been any changes in the portfolio of firm transportation contracts that**
11 **the Company now holds since the Company submitted its 2017/18 Peak Period Cost**
12 **of Gas Filing?**

13 A. Yes, the Company has contracted for 5,000 Dth/day of capacity utilizing PNGTS with
14 primary delivery to Dracut. This new capacity was obtained in the Portland Xpress
15 Project (“PXP”) open season. The capacity is expected to be phased-in over three years
16 commencing November 1, 2018. The supply path will begin at Dawn, Ontario, via Union
17 Gas Limited (“Union”), TransCanada Pipelines Limited (“TransCanada”), and PNGTS
18 with firm delivery at Dracut, MA. This is similar to the Company’s existing 4,000
19 Dth/day Canadian path which also includes firm transportation on Union and
20 TransCanada but serves the Company from the south through Iroquois and Tennessee.
21 The benefit of this new contract is that the Company will be able to source gas at Dawn
22 which is a more liquid and much less expensive price point as compared to purchasing

1 gas at the very volatile pricing at Dracut which reached more than \$100/Dth last winter.

2 This path allows for more flexibility in the Company's ability to source gas. For

3 2018/19, which is the first phase of the expansion project, the volume is 1,855 Dth/day.

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

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

13 **Q. Will there be any changes in the portfolio of supply contracts held by the Company**
14 **as compared to the portfolio of contracts that existed when the Company submitted**
15 **its 2017/18 Peak Period Cost of Gas Filing?**

16 A. Yes. Typically, the Company negotiates a number of different supply contracts for
17 delivery during the peak period. Since its 2017/18 Peak Period Cost of Gas filing, the
18 Company has issued four requests for proposals ("RFP") for supply for the upcoming
19 winter period. The first is for a baseload Tennessee Zone 6 citygate or Dracut supply; the
20 second is for its Canadian firm transportation capacity interconnecting with Iroquois Gas
21 Transmission, Inc. in Waddington, NY, ("ANE"); the third is for its Tennessee long-haul

1 capacity from the Gulf Coast and the Zone 4 market areas; and the last is for a Tennessee
2 Zone 6 citygate or Dracut swing supply with a call option. Each of these four RFPs for
3 the 2018/19 Peak Period supply are consistent with the RFPs conducted for the 2017/18
4 Peak Period.

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

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

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

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

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

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

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

6 A. Yes. During the 2018 off-peak period, the Company has been injecting supplies into its
7 underground storage fields. The Company plans to have all storage fields, with the
8 exception of its Tennessee FS-MA storage, 100 percent full by November 1, 2018; the
9 Tennessee FS-MA field is targeted to be 95 percent full by November 1, 2018. The five
10 percent unfilled portion of FS-MA storage provides a buffer which allows the Company
11 operational flexibility to inject some of its Tennessee supply into storage if needed due to
12 weather fluctuations during the month of November. By December 1, 2018, it is the
13 Company's plan to have all of its storage fields full.

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

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

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

6 Second, the Company has refilled its propane inventory to 100% including approximately
7 300,000 gallons of storage inventory at its Amherst storage facility. In addition, the
8 Company has solicited bids for firm trucking capacity to ensure that it can move propane
9 supplies from its Amherst facility to its other propane facilities that are capable of
10 vaporizing directly into its distribution system.

11 Third, due to the extraordinary weather experienced during winter of 2017/18, a new,
12 increased heating degree day ("HDD") weather pattern must be used to determine the
13 Commission's 7-Day storage requirement (Puc 506.03). The unprecedented 7-day period
14 from December 27, 2017, to January 2, 2018, yielded a new 420 HDD standard (vs 393
15 previously). This, combined with expected growth and the inclusion of iNATGAS, has
16 necessitated a need for incremental LNG supply for the 2018/19 Peak Period for storage
17 refill to ensure Puc 506.03 is met. The Company solicited bids for a second LNG supply
18 contract to be used as liquid refill only. This incremental liquid refill contract will
19 provide ten trucks per day for LNG storage refill. By using the LNG vapor option in
20 conjunction with a refill supply, the Company will be positioned to meet the increased 7-
21 day demand required to satisfy Puc 506.03.

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

2 A. The Company owns three LNG vaporization facilities in Concord, Manchester, and
3 Tilton that have a combined design vaporization rate of approximately 22,800
4 MMBtu/day, but are limited operationally to a combined workable storage capacity of
5 approximately 12,600 MMBtu. As described previously, the Company solicited bids for
6 additional LNG refill and associated trucking in order to utilize more vaporization
7 capacity from its LNG facilities. The Company's LNG facilities will be refilled with
8 liquid natural gas from the previously mentioned ENGIE combination liquid/vapor
9 service and/or the new incremental LNG supply.

10 Additionally, the Company owns four propane facilities in Amherst, Manchester, Nashua,
11 and Tilton that have a combined design vaporization rate of approximately 34,600
12 MMBtu/day and a combined workable storage capacity of approximately 134,485
13 MMBtu. The Company has allocated approximately 27,390 MMBtu of the Amherst
14 capacity to its Keene Division leaving approximately 107,095 MMBtu of combined
15 workable storage capacity for EnergyNorth. The Company's propane facilities were
16 refilled during the summer of 2018 and they are ready for the 2018/19 peak period. The
17 Company will have arrangements in place for its propane trucking needs for the
18 upcoming peak period.

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

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

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

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

7 **Q. Would you please describe the forecasted sendout requirements for the peak period**
8 **of 2018/19?**

9 A. Schedule 11A of the Company's filing shows the Company's forecasted sendout
10 requirements for sales customers of 87,958,623 therms over the period November 1,
11 2018, to April 30, 2019, under normal weather conditions, which is down from last year's
12 forecasted volume of 89,487,445 therms for the period November 1, 2017, to April 30,
13 2018. In comparison, the normalized actual sendout for firm sales customers for the
14 November 1, 2017, to April 30, 2018, period was 91,455,254 therms (Reconciliation
15 Filing, Summary Page 5, 'Total Volume Weather Variance,' Column B). Higher
16 normalized actuals are attributed to the inclusion of iNATGAS who began using more
17 gas than planned. iNATGAS initiated its higher usage on December 1, 2017, and
18 continued with higher than planned usage through February 15, 2018, after which they
19 returned to using minimal amounts of gas.

20 Schedule 11B shows the Company's forecasted sendout requirements for sales customers
21 of 96,482,745 therms over the period November 1, 2018, to April 30, 2019, under design

1 weather conditions, which is down from last year's forecasted volume of 98,264,530
2 therms for the period November 1, 2017, to April 30, 2018. For the current peak period
3 forecast, design weather requirements are 9.7 percent greater than normal sendout
4 requirements for weather that is 9.9 percent colder than normal.

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

9 Schedule 11D shows the Company's forecasted design day sendout for sales customers
10 for the upcoming 2018/19 winter of 1,188,091 therms, which is up slightly from last
11 year's figure of 1,100,809 therms.

12 **Q. Are there any factors that would explain the reduced supply requirement in the**
13 **sales forecast for the 2018/19 winter peak period over the 2017/18 winter period**
14 **given the predicted growth forecast and the inclusion of iNATGAS?**

15 A. Yes. The decline in the sales forecast in general reflects the impact of increased sales due
16 to customer growth, the inclusion of volumes from the iNATGAS compressed natural gas
17 facility and modifications which were made to the demand forecast as part of its
18 comprehensive forecast review in two filings before the Commission: Docket No. DG
19 17-152 and Docket No. DG 17-198. The results of the comprehensive forecast review
20 concluded that certain customer additions forecasted for 2017/18 plan year were being
21 double counted and a re-allocation of volumes between the Commercial & Industrial

1 class and the Residential class was required resulting in an overstated demand forecast
2 for the 2017/18 plan year.

3 **Q. Would you please describe the forecasted sendout requirements for the off-peak**
4 **period of 2018?**

5 A. Schedule 11A of the Company's filing shows the Company's forecasted sendout
6 requirements of 17,182,520 therms over the period May 1 to October 31, 2019, under
7 normal weather conditions, which is slightly higher than last year's forecasted volume of
8 17,049,432 therms over the period May 1 to October 31, 2018.

9 Schedule 11B shows the Company's forecasted sendout requirements of 19,368,472
10 therms over the period May 1 to October 31, 2019, under design weather conditions,
11 which is slightly lower than last year's forecasted volume of 17,195,877 therms over the
12 period May 1 to October 31, 2018.

13 The variations in the forecasted normal and design sendout from the 2018 off-peak period
14 to the 2019 off-peak period reflect the findings from the review of the Company's
15 demand forecast, as mentioned above.

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

1 **Q. Please provide the results of the Company's basis hedging program for the winter of**
2 **2017/18.**

3 A. For the winter of 2017/18 the Company hedged the Tennessee Zone 6 basis through the
4 purchase of physical supply for its baseload requirements from Dracut for the months of
5 December, January, and February as provided for in Docket No. DG 14-133 and
6 approved in Order *Nisi* No. 25,691. The result of this basis hedging program showed a
7 savings benefit of approximately \$3,933,012.

8 **Q. Has the Company hedged the Tennessee Zone 6 basis for the winter 2018/19?**

9 A. Yes. Consistent with prior winters, the Company conducted an RFP to solicit physical
10 supply basis bids for the months of December, January, and February during the 2018/19
11 winter and has selected a supplier.

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

13 A. Yes, it does.

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