



STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DG 17-XXX

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Winter 2017/2018 Cost of Gas Filing
Summer 2018 Cost of Gas Filing

DIRECT TESTIMONY
OF
DEBORAH M. GILBERTSON

August 29, 2017

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1 **Q. Ms. Gilbertson, please state your name, business address and position with Liberty**
2 **Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (“EnergyNorth”**
3 **or “the 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. Ms. Gilbertson, please summarize your educational background, and your business**
7 **and professional 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. Ms. Gilbertson, have you previously testified in regulatory proceedings?**

19 A. Yes, I testified before the New Hampshire Public Utilities Commission (“Commission”)
20 on one prior occasion, which was for the Keene 2017 summer cost of gas hearing.

1 **Q. Ms. Gilbertson, 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 2017/18 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. Ms. Gilbertson, would you describe the firm transportation contract portfolio that**
7 **the Company now holds?**

8 A. The Company currently holds firm transportation contracts on Tennessee Gas Pipeline
9 (106,833 MMBtu/day) and Portland Natural Gas Transmission (1,000 MMBtu/day) to
10 provide a daily deliverability of 107,833 MMBtu/day to its citygate stations. Schedule
11 12, page 1 in the Company's filing is a schematic diagram of these contracts, and
12 Schedule 12, page 2 is a table listing these contracts. These contracts provide delivery of
13 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, and Tennessee Gas Pipeline (“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 on Portland Natural Gas Transmission
6 System for delivery to its Berlin 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 2016/17 Peak Period Cost**
12 **of Gas Filing?**

13 A. The portfolio of firm transportation contracts that the Company currently holds has not
14 changed since the Company's 2016/17 Peak Period Cost of Gas Filing.

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

17 A. The firm transportation contracts that interconnect at the Canadian border source firm gas
18 supplies from both Eastern and Western Canada. The Company's domestic long-haul
19 firm transportation contracts source firm gas supplies primarily from the U.S. Gulf Coast
20 during the winter period and also provide access to natural gas supplies in the Marcellus
21 Shale. Supplies purchased at the Dracut, Massachusetts, receipt point, on the other hand,

1 can originate from any of a number of locations including Canada, the U.S. Gulf Coast,
2 and liquefied natural gas (“LNG”) terminals.

3 **Q. Will there be any changes in the portfolio of supply contracts held by the Company**
4 **as compared to the portfolio of contracts that existed when the Company submitted**
5 **its 2016/17 Peak Period Cost of Gas Filing?**

6 A. Yes. Typically, the Company negotiates a number of different supply contracts for
7 delivery during the peak period. Since its 2016/17 Peak Period Cost of Gas filing, the
8 Company has issued four requests for proposals (“RFP”) for supply for the upcoming
9 winter period. The first is for a baseload Tennessee Zone 6 citygate or Dracut supply; the
10 second is for its Canadian firm transportation capacity interconnecting with Iroquois Gas
11 Transmission, Inc. in Waddington, NY, (“ANE”); the third is for its Tennessee long-haul
12 capacity from the Gulf Coast and the Zone 4 market areas; and the last is for a Tennessee
13 Zone 6 citygate or Dracut swing supply with a call option.

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

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

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

5 With regard to its Tennessee long-haul firm transportation from the U.S. Gulf Coast, the
6 Company issued an RFP for an AMA transaction coupled with a delivered service during
7 the peak period. The Company has selected BP Energy as the winning bidder.

8 The Company issued an RFP for a Tennessee Zone 6 citygate or Dracut supply with an
9 option for the Company to call on the supply as needed to meet day-to-day increases in
10 demand. The RFP requested a six-month Dracut or delivered citygate supply with swing
11 nomination provisions whereby it intends to release its Dracut capacity to the winning
12 bidder as needed. The price for this supply is market area index based. The Company
13 has selected Repsol as the winning bidder.

14 **Q. Could you provide the status of the Company’s storage refill plan?**

15 A. Yes. During the 2017 off-peak period, the Company has been injecting supplies into its
16 underground storage fields. The Company plans to have all storage fields, with the
17 exception of its Tennessee FS-MA storage, 100 percent full by November 1, 2017; the
18 Tennessee FS-MA field is targeted to be 95 percent full by November 1, 2017. The five
19 percent unfilled portion of FS-MA storage provides a buffer which allows the Company
20 operational flexibility to inject some of its Tennessee supply into storage if needed due to

1 weather fluctuations during the month of November. By December 1, 2017, it is the
2 Company's plan to have all of its storage fields 100 percent full.

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

5 A. The Company has two additional sources of gas supply available. First, the Company
6 contracted with ENGIE (formerly known as Distrigas) for a combination liquid/vapor
7 service that can be used to either refill its LNG storage tanks during the peak period
8 and/or deliver incremental supply to its citygate for up to 7,000 MMBtu per day. This
9 flexibility will allow the Company to either call on citygate delivered supply or use the
10 liquid option to refill its LNG inventory. In addition, the Company has contracted for
11 dedicated LNG trucking in order to refill its LNG storage inventory. Since the
12 Company's LNG storage capability is limited, having dedicated LNG trucks allows the
13 Company to replenish inventory as it is used, provides supply security for its customers,
14 and enables the Company to adhere to its seven-day storage inventory requirement (Puc
15 506.03).

16 Second, the Company has refilled its propane inventory to 100% including approximately
17 300,000 gallons of storage inventory at its Amherst storage facility. In addition, the
18 Company has contracted for firm trucking capacity to ensure that it can move propane
19 supplies from its Amherst facility to its other propane facilities that are capable of
20 vaporizing directly into its distribution system.

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. The Company's LNG facilities will be refilled with
6 liquid natural gas from the previously mentioned ENGIE combination liquid/vapor
7 service.

8 Additionally, the Company owns four propane facilities in Amherst, Manchester, Nashua,
9 and Tilton that have a combined design vaporization rate of approximately 34,600
10 MMBtu/day and a combined workable storage capacity of approximately 134,485
11 MMBtu. The Company has allocated approximately 27,390 MMBtu of the Amherst
12 capacity to its Keene Division leaving approximately 107,095 MMBtu of combined
13 workable storage capacity for EnergyNorth. The Company's propane facilities were
14 refilled during the summer of 2017 and they are ready for the 2017/18 peak period. The
15 Company will also have arrangements in place for its propane trucking needs for the
16 upcoming peak period.

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

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

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

5 **Q. Would you please describe the forecasted sendout requirements for the peak period**
6 **of 2017/18?**

7 A. Schedule 11A of the Company's filing shows the Company's forecasted sendout
8 requirements for sales customers of 89,487,445 therms over the period November 1,
9 2017–April 30, 2018, under normal weather conditions which is down from last year's
10 forecasted volume of 93,587,846 therms for the period November 1, 2016–April 30,
11 2017. In comparison, the normalized actual sendout for firm sales customers for the
12 November 1, 2016–April 30, 2017, period was 67,985,084 therms (Reconciliation Filing,
13 Summary Page 5, 'Total Volume Weather Variance,' Column B).

14 Schedule 11B shows the Company's forecasted sendout requirements for sales customers
15 of 98,264,530 therms over the period November 1, 2017–April 30, 2018, under design
16 weather conditions, down from last year's forecasted volume of 103,130,911 therms for
17 the period November 1, 2016–April 30, 2017. For the current peak period forecast,
18 design weather requirements are 9.8 percent greater than normal sendout requirements for
19 weather that is 9.9 percent colder than normal.

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

1 Company Managed capacity), and the utilization rates of its pipeline firm transportation
2 and storage contracts.

3 Schedule 11D shows the Company's forecasted design day sendout for sales customers
4 for the upcoming 2017/18 winter of 1,100,809 therms, down from last year's figure of
5 1,115,143 therms. The slight decline in design day demand as well as the decline in the
6 sales forecast in general reflects increased sales due to incremental customer growth,
7 which are offset by the exclusion of volumes from the iNATGAS compression facility,
8 which is switching to transportation service, and the continued migrations of C&I sales
9 customers to transportation service.

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

12 A. Schedule 11A of the Company's filing shows the Company's forecasted sendout
13 requirements of 17,049,432 therms over the period May 1–October 31, 2018, under
14 normal weather conditions which is down from last year's forecasted volume of
15 22,769,073 therms over the period May 1–October 31, 2017.

16 Schedule 11B shows the Company's forecasted sendout requirements of 17,195,877
17 therms over the period May 1–October 31, 2018, under design weather conditions which
18 is down from last year's forecasted volume of 23,673,881 therms over the period May 1–
19 October 31, 2017.

1 The decrease in the forecasted normal and design sendout from the 2017 off-peak period
2 to the 2018 off-peak period again reflects increased sales due to incremental customer
3 growth which are offset by the exclusion of volumes from iNATGAS and the continued
4 migration of C&I sales customers to transportation service.

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

10 **Q. Are there any other factors which would explain the decline in the sales forecast for**
11 **the 2017/18 winter peak and summer off-peak periods?**

12 A. Yes. While putting together the current COG filing the Company discovered that the
13 2016/17 peak and off-peak demand forecast was inadvertently calculated using an
14 incorrect lost and unaccounted for gas (LUFG) percentage. The 2016/17 forecast used a
15 7.4% LUFG, which is significantly higher than the Company's typical LUFG of
16 approximately 2%. As a result of using this higher LUFG factor, both the winter and
17 summer forecasts for 2016/17 were overstated by more than 5%. The LUFG factor error
18 has been corrected for the current 2017/18 peak and off-peak demand forecast and is at
19 2%.

1 **Q. Ms. Gilbertson, please provide the results of the Company's basis hedging program**
2 **for the winter of 2016/17.**

3 A. For the winter of 2016/17 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 hedge showed a savings of
7 approximately \$1,193,286.

8 **Q. Ms. Gilbertson, has the Company hedged the Tennessee Zone 6 basis for the winter**
9 **2017/18?**

10 A. Yes. The Company conducted an RFP to solicit physical supply basis bids for the
11 months of December, January, and February during the 2017/18 winter and has selected
12 Repsol as its supplier.

13 **Q. Ms. Gilbertson, has the Company adjusted its FPO premium paid by all**
14 **participants in the program?**

15 A. No.

16 **Q. Ms. Gilbertson, has the Tilton Highline been completed?**

17 A. Yes. The installation of six miles of 12" 300 psig Maximum Allowable Operating
18 Pressure pipe was completed in December 2016 and there was significant improvement
19 to the flow volume. Prior to completion, the Company needed to utilize the Tilton LNG
20 facility for pressure support even during moderately cold temperatures. Once the

1 Highline was in service, there was a rapid reduction in the amount of pressure support
2 needed from the Tilton LNG facility.

3 **Q. Does this conclude your direct prefiled testimony in this proceeding?**

4 **A.** Yes, it does.

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