

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

Docket No. DG 21-XXX

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty
Winter 2021/2022 Cost of Gas
Summer 2022 Cost of Gas

**DIRECT TESTIMONY
OF
DEBORAH M. GILBERTSON**

September 1, 2021



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

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

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

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

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

19 A. Yes, I have testified before the New Hampshire Public Utilities Commission
20 (“Commission”) on prior occasions.

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

2 A. The purpose of this testimony is to summarize the gas supply and firm transportation
3 portfolio and the forecasted sendout requirements for Liberty for the 2021/22 peak and
4 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 (“Tennessee”) (106,833 MMBtu/day) and Portland Natural Gas Transmission System
10 (“PNGTS”) (1,000 MMBtu/day) to provide a daily deliverability of 107,833 MMBtu/day
11 to its citygate stations. For this upcoming plan year, and subject to Commission approval
12 for subsequent years, the Company has contracted for an additional 40,000 MMBtu/day
13 of upstream Tennessee capacity which increases the Company’s daily deliverability to
14 147,833 MMBtu/day. In addition to these citygate delivery contracts, the Company also
15 holds other transportation contracts further upstream on other pipelines that feed into the
16 citygate delivery transportation contracts. Schedule 12, page 1, in the Company's filing is
17 a schematic diagram of the transportation contracts, and Schedule 12, page 2, is a table
18 listing these contracts. The transportation contracts provide delivery of natural gas from
19 three sources as described below.

20 First, the Company holds firm transportation contracts to allow for delivery of up to
21 13,122 MMBtu/day of Canadian supply. These consist of the following:

- 1 • The Company can receive up to 4,000 MMBtu/day of firm Canadian supply from
2 Dawn, Ontario. This supply is delivered to the Company on Company-held firm
3 transportation contracts on Enbridge Inc. (formally Union Gas Limited),
4 (“Enbridge”), TC Energy Corporation (formally TransCanada Pipelines Limited)
5 (“TC Energy”), Iroquois Gas Transmission System (“Iroquois”), and Tennessee.
- 6 • The Company can receive up to 5,000 MMBtu/day of firm Canadian supply from
7 Dawn, Ontario. This supply is delivered to the Company on Company-held firm
8 transportation contracts on Enbridge, TC Energy, PNGTS, and Tennessee.
- 9 • The Company can receive up to 3,122 MMBtu/day of firm Canadian supply from
10 the Canadian/New York border at Niagara Falls, NY. This supply is delivered to
11 the Company on Company-held firm transportation contracts on Tennessee.
- 12 • The Company can receive up to 1,000 MMBtu/day of firm Canadian supply from
13 a Company-held firm transportation contract PNGTS for delivery to its Berlin
14 service territory.

15 Second, the Company holds the following firm transportation contracts to allow for
16 delivery of up to 106,596 MMBtu/day of domestic supply from the producing and market
17 areas within the United States.

- 18 • The Company can receive up to 21,596 MMBtu/day of firm domestic supplies
19 from Texas and Louisiana production areas. These supplies are delivered to the
20 Company on firm transportation contracts on Tennessee.

- 1 • The Company can receive up to 85,000¹ MMBtu/day of firm supply from
2 Tennessee's Dracut receipt point located in Dracut, Massachusetts. This supply is
3 delivered to the Company on three firm transportation contracts on Tennessee.

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

- 8 • The Company can receive up to 19,076 MMBtu/day of firm domestic supplies
9 from its Tennessee FS-MA storage contract. This contract allows for a storage
10 inventory capacity of 1,560,391 MMBtu. These supplies are delivered to the
11 Company on firm transportation contracts on Tennessee.
- 12 • The Company can receive up to 9,039 MMBtu/day of firm domestic supplies
13 from its storage contracts with National Fuel Gas Supply Corporation, Honeoye
14 Storage Corporation, and Dominion Transmission, Inc. In aggregate, these
15 contracts allow for a storage inventory capacity of 1,019,740 MMBtu. These
16 supplies are delivered to the Company on a firm transportation contract on
17 Tennessee.

1 An additional 5,000 MMBtu/day of Dracut capacity is used to transport the previously described 5,000 MMBtu/day of firm Canadian supply from Dawn, Ontario via Enbridge, TC Energy, and PNGTS.

1 **Q. Have there been any changes in the portfolio of firm transportation contracts that**
2 **the Company now holds since the Company submitted its Winter 2020/2021 Cost of**
3 **Gas Filing?**

4 A. Yes, the Company has contracted for 40,000 MMBtu/day of capacity from Tennessee's
5 Dracut receipt point. This contract has been filed with the Commission for approval in
6 Docket to DG 21-008. Further detail and rationale for the contract is currently under
7 review in that docket.

8 **Q. Would you describe the source of gas supplies used with the firm transportation**
9 **contracts described previously?**

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

1 **Q. Will there be any changes in the portfolio of supply contracts held by the Company**
2 **as compared to the portfolio of contracts that existed when the Company submitted**
3 **its Winter 2020/2021 Cost of Gas Filing?**

4 A. Yes. Typically, the Company negotiates a number of different supply contracts for
5 delivery during the peak period. Since its 2020/2021 COG filing, the Company has
6 issued five requests for proposals (“RFP”) for supply for the upcoming winter period.
7 The first is for a baseload Tennessee Zone 6 citygate or Dracut supply; the second is for
8 its Canadian firm transportation capacity interconnecting with Iroquois; the third is for its
9 Tennessee long-haul capacity from the Gulf Coast and the Zone 4 market areas; the
10 fourth is for a Tennessee Zone 6 citygate or Dracut swing supply with a call option; and
11 the last is for a second Tennessee Zone 6 citygate or Dracut swing supply with a call
12 option. Each of these five RFPs for the 2021/22 peak period supply are consistent with
13 the RFPs issued for the 2020/21 peak period with the addition of the second call option to
14 coincide with the incremental 40,000 MMBtu/day of capacity mentioned above.

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

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

1 The Company also issued an RFP for 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 a winning bidder.

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

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

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

15 A. Yes. During the 2021 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, full by November 1, 2021; the Tennessee FS-
18 MA field is targeted to be approximately 95 percent full by November 1, 2021. The
19 approximate five percent unfilled portion of FS-MA storage provides a buffer which
20 allows the Company operational flexibility to inject some of its supply into storage if

1 needed due to weather fluctuations during the month of November. By December 1,
2 2021, it is the Company's plan to have all of its storage fields 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 three additional sources of gas supply available. First, as described in
6 the 2020/21 COG filing, the Company contracted with Constellation LNG, LLC for a
7 combination liquid/vapor service that can be used to either refill its LNG storage tanks
8 during the peak period and/or deliver incremental supply to its citygate for up to 7,000
9 MMBtu per day in total. This flexibility will allow the Company to either call on
10 citygate delivered supply or use the liquid option to refill its LNG inventory. Although
11 this contract will continue through the upcoming peak period, it will expire on March 31,
12 2022. In addition to the combination liquid/vapor service, the Company has contracted
13 for dedicated LNG trucking in order to refill its LNG storage inventory. Since the
14 Company's LNG storage capability is limited, having dedicated LNG trucks allows the
15 Company to replenish inventory as it is used, provides supply security for its customers,
16 and enables the Company to adhere to its seven-day storage inventory requirement
17 established by Puc 506.03.

18 Second, the Company refilled its propane inventory including approximately 390,000
19 gallons of inventory at its Amherst storage facility.

20 Third, the Company has solicited bids for an LNG supply contract to be used as winter
21 liquid refill only. This incremental liquid refill contract must also provide trucking of the

1 LNG for storage refill. By using the Constellation LNG vapor option along with a
2 separate refill supply contract, the Company will be positioned to meet the demands of
3 the seven-day storage inventory requirement. The Company has selected the winning
4 bidders.

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

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

14 Additionally, the Company owns four propane facilities in Amherst, Manchester, Nashua,
15 and Tilton that have historically been designated a combined design vaporization
16 capacity of approximately 34,600 MMBtu/day and a combined workable storage capacity
17 of approximately 122,590 MMBtu. (For more information on the propane facilities,
18 please refer to Attachment DMG-1, which is a copy of the Company's response to CLF
19 1-20 in Docket No. DG 21-008 which discusses a propane study being performed by the
20 Company to analyze and update the actual operational vaporization capacity of these
21 facilities.)

1 The Company has allocated approximately 12,000 MMBtu of the Amherst propane
2 storage capacity to its Keene Division, leaving approximately 110,700 MMBtu of
3 combined workable storage capacity for Liberty. The Company's propane facilities were
4 refilled during the summer of 2021 and they are ready for the 2021/22 peak period. The
5 Company will seek to have arrangements in place for its propane trucking needs for the
6 upcoming peak period.

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

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

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

15 **Q. Would you please describe the forecasted sendout requirements for the peak period**
16 **of 2021/22?**

17 A. Schedule 11A of the Company's filing shows the Company's forecasted sendout
18 requirements for sales customers at 94,216,591 therms over the period November 1,
19 2021, to April 30, 2022, under normal weather conditions, which is up from last year's
20 forecasted volume of 90,922,460 therms for the period November 1, 2020, to April 30,
21 2021. In comparison, the normalized actual sendout for firm sales customers for the

1 November 1, 2020, to April 30, 2021, period was 93,155,745 therms (Reconciliation
2 Filing, Summary Page 5, 'Total Volume Weather Variance,' Column B).

3 Schedule 11B shows the Company's forecasted sendout requirements for sales customers
4 of 104,530,752 therms over the period November 1, 2021, to April 30, 2022, under
5 design weather conditions, which is up from last year's forecasted volume of
6 101,061,871 therms for the period November 1, 2020, to April 30, 2021. For the current
7 peak period forecast, design weather requirements are approximately 10 percent greater
8 than normal sendout requirements for weather that is 10 percent colder than normal.

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

13 Schedule 11D shows the Company's forecasted design day sendout for sales customers
14 for the upcoming 2021/22 winter period of 1,283,926 therms, which is up from last year's
15 figure of 1,248,088 therms.

16 **Q. Would you please describe the forecasted sendout requirements for the off-peak**
17 **period of 2022?**

18 A. Schedule 11A of the Company's filing shows the Company's forecasted sendout
19 requirements of 22,950,820 therms over the period May 1 to October 31, 2022, under
20 normal weather conditions, which is slightly higher than last year's forecasted volume of
21 22,065,798 therms over the period May 1 to October 31, 2021.

1 Schedule 11B shows the Company's forecasted sendout requirements of 22,928,033
2 therms over the period May 1 to October 31, 2022, under design weather conditions,
3 which is higher than last year's forecasted volume of 22,175,995 therms over the period
4 May 1 to October 31, 2021.

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. Why did the Company contract for an additional 40,000 of Tennessee capacity?**

11 A. Over the past several years the need for additional gas resources to meet the ever-
12 increasing demand of Liberty's customers has continued to grow. The Company has
13 presented various demand forecasts, resource requirement analyses, and waiver requests
14 in many dockets over the years. This began with the request for approval of a Precedent
15 Agreement ("PA") for 115,000 MMBtu/day of capacity on the proposed Northeast
16 Energy Direct ("NED") project in 2014 which was to provide additional capacity to
17 Liberty. The Company contracted for capacity on the NED Project to meet its projected
18 demand growth, and the Commission approved the PA. *See* Order No. 25,822 (Oct. 2,
19 2015). However, Tennessee ultimately cancelled NED.

20 Since the cancellation of the NED project in 2016, the Company has conducted a
21 rigorous search and analysis of capacity options to increase the deliverability of firm gas

1 supplies and/or decrease the requirement of Puc 506.03, the On-Site Storage Requirement
2 rules. As described above, beginning on November 1, 2017, the Company entered into
3 an agreement with Engie/Constellation to supply 7,000 MMBtu/day of either firm vapor
4 to the citygate or liquid natural gas to refill the Company's existing LNG facilities. That
5 contract will expire on March 31, 2022. Although that additional capacity/supply was a
6 much-needed supplement to the portfolio, from December 27, 2017 through January 2,
7 2018, the Company's service territory experienced a significant cold weather event which
8 surpassed its historical consecutive seven-day cold snap. As a result, the Company
9 needed to have more supplemental gas on hand to meet the increased demand attributable
10 to the higher 7-day forecast as stipulated in Puc.506.03. In August 2019, the Company
11 filed with the Commission a request to waive and modify the requirements of Puc 506.03.
12 At that time, the Company knew it did not have (nor could have had) enough
13 supplemental supply on hand for the upcoming peak season to meet the demands of the
14 rule as written. The Commission approved the Company's request for a waiver and
15 modifications of Puc 506.03 for three years. *See* January 5, 2018, secretarial letter in
16 Docket No. DG 17-200. That waiver will expire in March of 2022.

17 With the expirations of both the Engie/Constellation agreement and the waiver of Puc
18 506.03, the Company is again faced with imminent concerns for capacity and supply
19 shortfall. If approved, the contract for 40,000 MMBtu/day of incremental capacity with
20 Tennessee will ensure that the Company will have sufficient resources on hand to meet
21 near term design day requirements of its customers. (As mentioned above, please refer to
22 Docket No. DG 21-008 for additional detail.)

1 **Q. Will the Company need the entire 40,000 MMBtu/day in the first year?**

2 A. No, the Company will release any excess capacity in the market consistent with its
3 current cost mitigation strategy designed to reduce costs to customers.

4 **Q. Can you comment on what is causing the dramatic increase in forward looking
5 natural gas prices as compared to 2020/2021 peak period?**

6 A. As with all local distribution companies across the United States, and the Northeast in
7 particular, the Company's purchase prices for its natural gas supplies are impacted by
8 regional, national, and global forces. According to the most recent data, NYMEX natural
9 gas futures continue to trade at their highest summer levels in seven years. Compared to
10 last year, for example, NYMEX on average is currently trading at approximately 30%
11 higher than this time last year. This is largely related to fears regarding national storage
12 levels for the coming winter. Hot summer temperatures across the nation have stymied
13 consistent, larger injections relative to the five-year average, with last year being
14 particularly impacted. Additionally, demand for U.S. LNG exports to international
15 markets are robust, which reduces supply availability to U.S. markets. The consensus is
16 that until storage across the country returns to normal levels and LNG exports level off,
17 the higher domestic prices are likely to persist.

18 **Q. Please provide the results of the Company's basis hedging program for the winter of
19 2020/21.**

20 A. For the winter of 2020/21 the Company hedged the Tennessee Zone 6 basis through the
21 purchase of physical supply for its baseload requirements from Dracut for the months of

1 December, January, and February as provided for in Docket No. DG 14-133 and
2 approved in Order *Nisi* No. 25,691. The result of this basis hedging program showed a
3 cost of approximately \$1,500,000. Although the Company cannot predict whether the
4 hedge program will result in a gain or loss each year, it does support the need for price
5 stabilization against fluctuations in the market prices during peak period.

6 **Q. Has the Company hedged the Tennessee Zone 6 basis for the winter 2021/22?**

7 A. Yes, the Company conducted an RFP to solicit physical supply basis bids for the months
8 of December, January, and February during the 2021/22 winter and has selected a
9 supplier.

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

11 A. Yes, it does.

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