

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

~~Docket No. DG 24-098~~ Docket No. DG 24-106

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty
Winter 2024/2025 Cost of Gas and Summer 2025 Cost of Gas

DIRECT TESTIMONY

OF

JOSHUA J. TILBURY

AND

KELLY A. ESPOSITO

AND

MARK J. SUMMERFIELD

October 15 ~~September 3~~, 2024



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1 **I. INTRODUCTION**

2 **Q. What are your full names, positions, and business addresses?**

3 A. My name is Joshua J. Tilbury. I am Director, Energy Procurement for Liberty Utilities
4 Service Corp. (“LUSC”), which provides services to Liberty Utilities (EnergyNorth
5 Natural Gas) Corp. (“Liberty” or “the Company”). My business address is 15 Buttrick
6 Road, Londonderry, New Hampshire.

7 A. My name is Kelly A. Esposito. I am Manager, Energy Procurement for LUSC, which
8 provides services to Liberty. My business address is 15 Buttrick Road, Londonderry,
9 New Hampshire.

10 A. My name is Mark J. Summerfield. I am Supply Operations Manager, Energy
11 Procurement for LUSC, which provides services to Liberty. My business address is 15
12 Buttrick Road, Londonderry, New Hampshire.

13 **Q. Mr. Tilbury, please summarize your educational background and your business and
14 professional experience.**

15 A. I graduated from the University of Idaho in Moscow, Idaho in 1999 with a Bachelor of
16 Science in Crime and Justice Studies and Sociology. I have 16 years of professional
17 experience in the utilities industry in the areas of gas supply, gas acquisitions,
18 transportation services, planning, hedging, and operations.

19 Prior to joining Liberty Utilities, I was employed by New Mexico Gas Company, where I
20 served as the Director of Gas Management. In that role, I managed gas supply, system
21 planning, gas control, compression, and the transportation program. In 2022, I joined the

1 Liberty team as the Director of Energy Procurement where I am responsible for the gas
2 portfolio management functions including procurement, planning, forecasting,
3 scheduling, hedging, and on-system transportation for Liberty and for Liberty's natural
4 gas distribution affiliates in Georgia, Missouri, Illinois, Iowa, Massachusetts, New York,
5 and New Brunswick.

6 **Q. Mrs. Esposito, please summarize your educational background and your business
7 and professional experience.**

8 A. I graduated from Endicott College in Beverly Massachusetts, in 1981 with an Associate
9 of Science in Hospitality Management. In 1989 I was hired by Commonwealth Gas
10 (EverSource), as an Installation clerk, then in 1992 moved over to Energy Procurement
11 with the Restructuring of Pipeline Services (FERC Order No. 636), where I started as a
12 Contract Administrator, and was promoted to Gas Supply Specialist. In 1997, I joined
13 Bay State Gas Company (Nisource/Columbia Gas), as a Natural Gas Trader. In 2013, I
14 was hired by LUSC as a Natural Gas Scheduler and was promoted to Natural Gas Trader
15 in 2014. In 2023, I was promoted to. Manager of Energy Procurement. In this capacity, I
16 provide gas procurement services to Liberty.

17 **Q. Mr. Summerfield, please summarize your educational background and your
18 business and professional experience.**

19 A. I graduated from University of Humber and Lincoln in Hull, England, in 2001 with
20 an Higher National Diploma in Media Technology and from Stockport College of High
21 Education in Stockport, England in 2007 with Association of Taxation Technicians in

1 accounting and taxation. I was hired by LUSC as Liberty's revenue accountant in 2013.

2 In 2014 moved to over to Energy Procurement in the retail choice group and in 2015 was

3 promoted the Natural Gas Scheduler. In 2016 was promoted to Scheduling Supervisor,

4 and in 2022 I was promoted to Supply Operations Manager responsible for scheduling

5 and retail choice for Liberty and all its natural gas affiliates.

6 **Q. Mr. Tilbury, have you previously testified in regulatory proceedings?**

7 A. Yes, I have.

8 **Q. Mrs. Esposito have you previously testified in regulatory proceedings?**

9 A. No, I have not.

10 **Q. Mr. Summerfield, have you previously testified in regulatory proceedings?**

11 A. No, I have not.

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

13 A. The purpose of our testimony is to summarize the Company's gas supply and firm

14 transportation portfolio and the forecasted sendout requirements for Liberty for the

15 2024/2025 peak and off-peak seasons. This information is provided in significantly more

16 detail in the schedules that the Company includes with this filing.

17 **Q. Are there any schedules and attachments included in your testimony?**

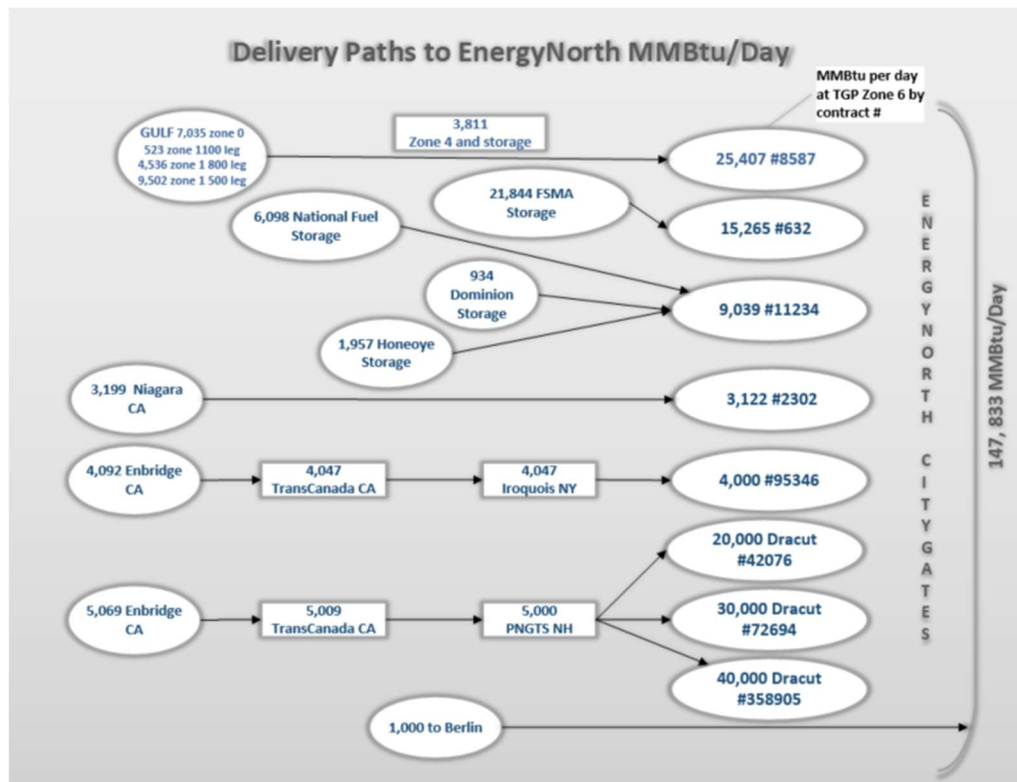
18 A. Yes. The table below lists the schedules that we are sponsoring.

Schedule	Description
Pk Schedule 5	Demand Costs, Volumes, and Transportation Rates
Pk Schedule 5D	Pipeline Tariff Sheets
Pk Schedule 6	Supply and Commodity Costs, Volumes, and Transportation Rates
Pk Schedule 10A	Derivation of Class Assignments, Weighting and Correction Factor
Pk Schedule 10B	Firm and Transportation Sales
Pk Schedule 11	Normal and Design Year Volumes and Capacity Utilization
Pk Schedule 11D	Forecast of Upcoming Winter Period Design Day Report
Pk Schedule 12	Transportation Available for Pipeline Supply and Storage, and Agreements for Gas Supply and Transportation
Pk Schedule 16	Storage Inventory, Underground, LPG and LNG
Pk Schedule 21	Calculation of Supplier Balancing Charge, Estimated Daily and Monthly Imbalances, Peaking Demand Rate, and Tennessee Allocations and Capacity Resources
Pk Schedule 22	Capacity Allocators Calculation
OP Schedule 5	Demand Costs, Volumes, and Transportation Rates
OP Schedule 6	Supply and Commodity Costs, Volumes, and Transportation Rates
OP Schedule 10A	Derivation of Class Assignments, Weighting and Correction Factor
OP Schedule 11	Normal and Design Year Volumes and Capacity Utilization
OP Schedule 13	Storage Inventory, Underground, LPG and LNG

1 **II. OVERVIEW OF WINTER 2024/2025 GAS SUPPLY PORTFOLIO**

2 **Q. What firm transportation contracts are in the Company’s portfolio?**

3 A. The Company currently holds firm transportation contracts on Tennessee Gas Pipeline
4 (“Tennessee”) (146,833 MMBtu/day) and Portland Natural Gas Transmission System
5 (“PNGTS”) (1,000 MMBtu/day) to provide a daily deliverability of 147,833 MMBtu/day
6 to its citygate stations. In addition to these citygate delivery contracts, the Company also
7 holds other transportation contracts further upstream on other pipelines that feed into the
8 citygate delivery transportation contracts. Schedule 12 in the Company's filing is a
9 schematic diagram of the transportation contracts (example below) which also provides a
10 table listing these contracts. These transportation contracts provide delivery of natural
11 gas from three sources.



1 First, the Company holds firm transportation contracts to allow for delivery of up to
2 13,122 MMBtu/day of Canadian supply. These consist of the following:

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

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

- 1 • The Company can receive up to 21,596 MMBtu/day of firm domestic supplies
2 from Texas and Louisiana production areas. These supplies are delivered to the
3 Company on firm transportation contracts on Tennessee.
- 4 • The Company can receive up to 85,000¹ MMBtu/day of firm supply from
5 Tennessee's Dracut receipt point located in Dracut, Massachusetts. This supply is
6 delivered to the Company on three firm transportation contracts on Tennessee.

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

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

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 a storage inventory capacity of 1,018,780 MMBtu. These supplies are delivered
2 to the Company on a firm transportation contract on Tennessee.

3 **Q. What sources of gas supplies do these firm transportation contracts enable the**
4 **Company to access?**

5 A. The firm transportation contracts that interconnect at the Canadian border allow the
6 Company to purchase firm gas supplies from both Eastern and Western Canada. The
7 Company's domestic long-haul firm transportation contracts provide the Company with
8 ability to buy firm gas supplies primarily from the U.S. Gulf Coast during the winter
9 period and also provide access to natural gas supplies in the Marcellus Shale region.
10 Supplies purchased at the Dracut receipt point, on the other hand, may originate from any
11 number of locations.

12 **Q. Are there any changes to the portfolio of supply contracts for Winter 2024/2025**
13 **compared to last winter?**

14 A. Yes. The Company negotiated a number of different supply contracts for delivery during
15 the peak period. Since its 2023/2024 Cost of Gas filing (Docket No. 23-076), the
16 Company has issued several requests for proposals (“RFP”) for supply for the upcoming
17 winter period. These include a baseload Tennessee Zone 6 citygate or Dracut supply; a
18 Canadian firm transportation capacity interconnecting with Iroquois supply; a Tennessee
19 long-haul capacity from the Gulf Coast and the Zone 4 market areas supply; two requests
20 for proposals for a Tennessee Zone 6 citygate or Dracut swing supply with a call option;
21 and a Canadian firm transportation capacity interconnecting with Tennessee at Dracut

1 supply. Each of these RFPs for the 2024/2025 peak period supply is consistent with the
2 RFPs issued for the 2023/2024 peak period.

3 **Q. What is the status of these RFPs?**

4 A. The Company has completed the process of obtaining and analyzing bids and expects all
5 contracts to be in place by November 1.

6 **Q. What is the status of the Company's storage refill plan?**

7 A. During the 2024 off-peak period, the Company has been injecting supplies into its
8 underground storage fields. The Company plans to have all storage fields, except for its
9 Tennessee FS-MA storage, full by November 1, 2024. The Tennessee FS-MA field is
10 targeted to be approximately 95 percent full by November 1, 2024. The approximate five
11 percent unfilled portion of FS-MA storage provides a buffer that allows the Company
12 operational flexibility to inject some of its supply into storage if needed due to weather
13 fluctuations during the month of November.

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

16 A. The Company has two additional sources of gas supply available. First, the Company has
17 contracted for dedicated LNG with trucking to refill its LNG storage inventory. Since the
18 Company's LNG storage capacity is limited, having dedicated LNG trucks allows the
19 Company to replenish inventory as it is used, provides supply security for its customers,
20 and enables the Company to adhere to its seven-day storage inventory requirement
21 established by Puc 506.03.

1 Second, the Company has contracted for dedicated deliveries to the Company's three
2 propane facilities including the refill of its propane storage facility located in Amherst,
3 New Hampshire.

4 **Q. What is the capacity of these supplemental gas supply facilities?**

5 A. The Company owns three LNG vaporization facilities in Concord, Manchester, and
6 Tilton that have a combined design vaporization rate of approximately 22,800
7 MMBtu/day, but they are limited operationally by the combined workable storage
8 capacity of approximately 12,600 MMBtu. As described previously, the Company
9 solicited bids for LNG refill and associated trucking to utilize more vaporization capacity
10 from its LNG facilities.

11 Additionally, the Company owns four propane facilities in Amherst (which is only
12 storage), Manchester, Nashua, and Tilton (which have some storage and are connected to
13 the Company's distribution system) that have a combined design vaporization capacity of
14 approximately 28,200 MMBtu/day and a combined workable storage capacity of
15 approximately 122,590 MMBtu. The Company has allocated approximately 12,000
16 MMBtu of the Amherst propane storage capacity to its Keene Division,² leaving
17 approximately 110,600 MMBtu of combined workable storage capacity for EnergyNorth.
18 The Company's propane facilities were refilled during the summer of 2024, and they are
19 ready for the 2024/2025 peak period.

² The Company will make the Keene Division Cost of Gas filing by September 15, 2023.

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

5 **III. FORECASTED SENDOUT**

6 **Q. What was the source of the projected sendout requirements and costs used in this**
7 **filing?**

8 A. As in prior cost of gas filings, the Company used projected sendout requirements and
9 costs from its forecasts and portfolio of resources.

10 **Q. What are the forecasted sendout requirements for the peak period of 2024/2025?**

11 A. Schedule 11, page 1 of the Company's filing shows the Company's forecasted sendout
12 requirements for sales customers at 88,099,094 therms over the period November 1,
13 2024, to April 30, 2025, under normal weather conditions, which is a slight decrease from
14 last year's forecasted volume of 94,459,064 therms for the period November 1, 2023, to
15 April 30, 2024. In comparison, the normalized actual sendout for firm sales customers
16 for the November 1, 2023, to April 30, 2024, period was 88,011,12092,395,519 therms.

17 Schedule 11, page 1 also shows the Company's forecasted sendout requirements for sales
18 customers of 98,980,566 therms over the period November 1, 2024, to April 30, 2025,
19 under design weather conditions, which is down from last year's design day forecasted
20 volume of 105,567,453 therms. For the current peak period forecast, design weather

1 requirements are approximately 10 percent greater than normal sendout requirements for
2 weather that is 10 percent colder than normal.

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

7 Schedule 11D shows the Company's forecasted design day sendout for sales customers
8 for the upcoming 2024/2025 winter period of 1,627,640 therms, which is down from last
9 year's figure of 1,676,882 therms.

10 **Q. Why did the demand forecast decrease relative to what was filed in the 2023/2024**
11 **Cost of Gas filing?**

12 A. The demand forecast in the 2023/2024 Cost of Gas filing was based on the demand
13 forecast presented in Liberty's most recent Integrated Resource Plan, which was filed on
14 October 3, 2022, and relied on historical data through March 2022. Prior to the start of
15 the COVID-19 pandemic the Company experienced growth in demand at a higher rate
16 than during the post-pandemic period. Given the additional two years of historical data
17 on which the current demand forecast relies, which reflects a lower level of growth, the
18 demand forecast has decreased relative to the prior Cost of Gas filing.

19 **Q. What are the forecasted sendout requirements for the off-peak period of 2025?**

20 A. Schedule 11, page 1 of the Company's filing shows the Company's forecasted sendout
21 requirements of 24,555,282 therms over the period May 1 to October 31, 2025, under

1 normal weather conditions, which is lower than last year's forecasted volume of
2 26,848,752 therms over the period May 1 to October 31, 2024.

3 Schedule 11, page 1 also shows the Company's forecasted sendout requirements of
4 24,394,417 therms over the period May 1 to October 31, 2025, under design weather
5 conditions, which is lower than last year's forecasted volume of 26,721,201 therms over
6 the period May 1 to October 31, 2024.

7 On Schedule 11, page 2, the Company summarizes the normal and design off-peak
8 sendout requirements, the seasonally available contract quantities (inclusive of assigned
9 and Company Managed capacity), and the calculated utilization rates of its pipeline
10 transportation and storage contracts based on the normal and design off-peak forecasts
11 contained on Schedule 11, page 1.

12 **IV. GAS SUPPLY COST**

13 **Q. What strategies did the Company employ to stabilize and mitigate costs for winter**
14 **2024/2025?**

15 A. The Company engaged in several strategies to reduce and stabilize costs for customers.
16 First, as described above, over the summer period the Company injected gas into the
17 storage facilities using off-peak summer pricing from the least cost supply points as
18 determined by transportation and storage capacity assets. Next, the Company initiated
19 requests for proposals, or RFPs, from suppliers to obtain the lowest price for supply
20 services. The Company also issued RFPs from suppliers to enter into asset management
21 agreements where the Company allows the winning bidder to use capacity that Liberty

1 holds on various pipelines in exchange for a baseload supply or natural gas call options.

2 This technique results in monthly payments to Liberty, all to the benefit of customers.

3 **Q. How much does the Company expect to recover through asset management credits**
4 **in 2024–2025?**

5 A. For 2024–2025, the Company expects to recover approximately [REDACTED] in asset
6 management credits. These credits will all be used to reduce customer costs.

7 **Q. Has the Company hedged the Tennessee Zone 6 basis for winter 2024/2025?**

8 A. Yes. The Company conducted an RFP to solicit physical supply fixed basis bids for the
9 months of January and February as provided for in Docket No. DG 14-133 and approved
10 in Order No. 25,691 (July 10, 2014). The Company reviewed the bids and selected the
11 supplier who offered the least cost.

12 **Q. How do the forecasted commodity prices in 2024-2025 compare to the actual prices**
13 **from 2023-2024?**

14 A. The current NYMEX forecast for the upcoming 2024-2025 cost of gas period of \$3.0508
15 is down slightly from the 2023-2024 cost of gas period NYMEX forecast of \$3.4163.
16 This can be broken down further by comparing the winter and summer period average
17 pricing. The average NYMEX price for Winter 2023-2024 was \$3.513, as compared to
18 the forecasted NYMEX price for Winter 2024-2025 of \$2.982. The average NYMEX
19 price for Summer 2024 was \$3.32, as compared to the forecasted NYMEX price for
20 Summer 2025 of \$3.12. The Storage weighted average cost (WACOG) is also down for

1 2024-2025. Storage heading into Winter 2023-2024 had a WACOG of \$2.123, as
2 compared to the estimated WACOG of \$1.70 for the upcoming Winter 2024-2025.

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

4 A. Yes, it does.