

**BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION
ATLANTA, GEORGIA**

IN RE:

**LIBERTY UTILITIES (PEACH STATE
NATURAL GAS) CORP.
2025– 2026 GAS SUPPLY PLAN**

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DOCKET NO. 56178

**UPDATED PRE-FILED TESTIMONY OF MARTIN DEBRUIN
ON BEHALF OF LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORP.**

1

2 **Q. Please state your name and business address.**

3 A. My name is Martin DeBruin. My business address is 15 Buttrick Road,
4 Londonderry, NH 03053.

5

6 **Q. Have you previously testified before the Georgia Public Service Commission**
7 **(“Commission”) or other regulatory bodies?**

8 A. Yes, this is my second opportunity to submit testimony before the Georgia Public
9 Service Commission. I have also provided testimony before the Massachusetts
10 Public Service Commission. Please see Attachment A, which provides my
11 curriculum vitae.

12

13 **Q. For whom are you appearing in this docket?**

14 A. I am appearing on behalf of the Applicant, Liberty Utilities (Peach State Natural
15 Gas) Corp. (“Liberty” or the “Company”).

16

1 **Q. What is your position at Liberty?**

2 A. I am the Manager, Gas Supply Planning, for Liberty Utilities (Midstates Natural
3 Gas) Corp. (“Midstates”). In this capacity I am responsible for the planning and
4 purchasing for Midstates.

5
6 **Q. Please describe your educational background and professional experience.**

7 A. I hold a Bachelors in Accounting from the University of Lowell and a Masters in
8 Finance from Bentley College. I have been employed by Liberty or its predecessor
9 since November of 2011.

10
11 **Q. What are your responsibilities as Manager, Gas Supply Planning?**

12 A. My primary responsibilities include ensuring that adequate and timely natural gas
13 supplies and upstream interstate transportation and storage services are acquired to
14 maintain the integrity of various local intrastate natural gas distribution systems
15 served by Midstates. I am also responsible for gas portfolio management functions
16 including procurement, planning and hedging as well as modeling for our
17 Massachusetts and New Hampshire gas companies. Because of personnel changes
18 within our Department, I have reviewed, am knowledgeable of, and am sponsoring
19 the 2025-2026 Georgia Gas Supply Plan (“GSP” or “Plan”) for Liberty.

20
21 **Q. What is the scope of your pre-filed direct testimony in this docket?**

22 A. My testimony discusses and supports the Company’s proposed GSP which includes
23 the actual data for the 2024 - 2025 gas supply Plan Year, the supply, transportation

1 and storage contracts associated with the GSP, and the Company's gas supply
2 hedging plan. I am sponsoring Exhibits I through VI. I also sponsor the Statement
3 of Compliance with Minimum Filing Requirements ("MFRs") that is included as
4 part of the Company's July 1st filing. Exhibits I through VI and the Statement of
5 Compliance with MFRs, which I have reviewed, are true and correct to the best of
6 my knowledge and belief. Additionally, I address the functions of gas supply
7 planning, how the GSP was prepared, and Liberty's compliance with certain
8 stipulated requirements from Docket No. 55650.

9

10 **I. SUMMARY OF THE GAS SUPPLY PLAN**

11

12 **Q. Please provide a summary of the Company's 2025 – 2026 Gas Supply Plan.**

13 A. As stated in the Petition accompanying my testimony, the Company's GSP is being
14 filed pursuant to O.C.G.A. § 46-2-26.5. A gas utility in Georgia that is not an
15 Electing Distribution Company is required to file on or before August 1 its gas
16 supply plan for the upcoming recovery year (October 1 - September 30). The
17 procedural schedule in this docket provides that the Company shall file its gas
18 supply plan on or before July 1st. In most years, the Company files its plan on or
19 before July 1st, but provides the forecasts that support the plan earlier, typically on
20 or about June 1st for the gas supply plan year that is to begin on October 1st of the
21 same year. The Company agreed to file the 2025 – 2026 forecasts on June 2, 2025,
22 which we did, and its actual 2025 – 2026 Plan on July 1, 2025, which my testimony
23 is supporting.

1 This GSP describes the particular array of available gas supply, storage, and
2 transportation options selected by Liberty to supply the requirements of our firm
3 customers during the 2025-2026 Plan Year (October 1 through September 30). As
4 part of the Plan, the Company sets forth: (1) the projected design day forecast along
5 with the annual requirements to serve customers in both Gainesville and Columbus
6 (as well as the communities surrounding these larger cities); (2) the portfolio of
7 supply and capacity assets that will be utilized to serve those requirements; and (3)
8 the adjustment factors the Company proposes for recovering its purchased gas costs
9 during the recovery year, together with the calculations that produced such factors.

10 Liberty's GSP is described in the filing cover letter, Petition, testimony,
11 forecasts, exhibits, and supporting materials filed in this docket. The Company
12 serves two distinct geographic areas in Georgia – (1) Gainesville and its
13 surrounding certificated areas, and (2) Columbus and its surrounding certificated
14 areas – with portions of the GSP specific to each of these two major service areas.
15 Liberty's GSP for the Gainesville areas utilizes its contracted supply from its asset
16 manager and subscribes to a combination of capacity and storage services on
17 Transcontinental Gas Pipeline ("Transco") to meet the base load requirements and
18 peak day needs of firm customers in and around Gainesville. The specific services
19 are more fully described in Exhibits II and III. Liberty's GSP for the Columbus
20 area utilizes its contracted supply from its asset manager and subscribes to a
21 combination of capacity and storage services on Southern Natural Gas ("Sonat" or
22 "SNG") to meet the firm base load requirements and peak day needs in and around
23 Columbus. Citygate peaking services will once again be part of the array of assets

1 required to serve customers in the Columbus and Gainesville service areas. Again,
2 the specific services are more fully described in Exhibits II and III.

3 Exhibit III of the GSP filing includes forecasted sales volumes and gas
4 purchase volumes of approximately 5.2 million dekatherms (“Dth”) annually, gas
5 prices, pipeline rates, capacity release information, and related gas supply
6 information. The filings for this Plan follow the Minimum Filing Requirements
7 (Georgia Public Service Commission Order Adopting Proposed Rule in Docket No.
8 5599-U) as well as the Procedural and Scheduling Order issued by the Commission
9 in this docket on April 15, 2025.

10

11 **Q. The Minimum Filing Requirements ask for a summary of the impact of any**
12 **Integrated Resource Plan (“IRP”) on the Gas Supply Plan. Please address this**
13 **requirement.**

14 A. As in previous years, the Company does not have an IRP filed in Georgia.

15

16 **Q. What is the basis for the 2025 – 2026 Gas Supply Plan filed by Liberty?**

17 A. The Company’s GSP is based on the forecast of design day requirements. The goal
18 of this planning process is to ensure that Liberty understands and accurately
19 forecasts the amount of capacity and supply that will be required to meet the needs
20 of its firm customers on every day of the Plan Year. Our responsibility to our
21 customers includes having adequate resources available to meet their gas needs in
22 a safe, reliable and cost-effective manner. Consequently, one of the most critical
23 components of every gas supply plan is the forecast of design day demand, which

1 Exhibit II provides. Inadequate forecasting would put the Company's customers at
2 risk of being without sufficient gas service on the most critical need days of the
3 winter season. Without adequate capacity and/or supply, firm customers could be
4 without natural gas service on the coldest days (and the days or weeks that follow)
5 of the year.

6

7 **Q. Please describe the Company's supply contracts.**

8 A. Consistent with previous gas supply plans, gas supply will be provided pursuant to
9 the Commission-authorized Asset Management Agreements ("AMAs"). The
10 Company's current AMAs for the Columbus service areas and the Gainesville
11 service areas were originally effective through the end of the 2024 – 2025 Gas
12 Supply Plan Year ending September 30, 2025. The Company recently extended
13 the AMAs for two (2) years with the same supplier and on the same terms and
14 conditions except that the Company was able to attain additional Maximum Daily
15 Quantity ("MDQ") in its peaking agreements.

16 Under the current and extended AMAs, suppliers are responsible for the full
17 firm requirements of the Company up to the maximum of the Company's pipeline
18 capacity. A numbering system has been used within the Plan Exhibits to
19 differentiate between the types of supply. "Supply 1" is used to identify base load
20 purchases, and "Supply 2" is used to identify storage purchases for each of the
21 service areas. I have also included Supply 3 on page 4 of this Exhibit to include
22 Local Conforming Natural Gas ("LCNG") as a placeholder recognizing we may
23 start to receive LCNG in 2026 in order to test how receipt and use of such gas may

1 work, but for supply purposes we are not counting on utilizing any LCNG in this
2 Plan. Exhibit II, Pages 2 and 5, provide the Summary of Final Delivery Capacity
3 for the Gainesville and Columbus service areas under this GSP.
4

5 **Q. How will the Company meet its sales requirements?**

6 A. Exhibit III, Page 4 outlines the Company's gross projected purchase volumes,
7 including volumes purchased for injection into storage, grossed up for pipeline fuel
8 requirements. Sales requirements will be met through monthly purchases of
9 "flowing gas" and storage withdrawals. This exhibit page lists the Company's
10 supply types to meet the projected purchase requirements. Supply 1 identifies
11 projected base load purchases for delivery to citygates for the Gainesville areas and
12 Columbus areas. Supply 2 identifies the projected base load storage purchases for
13 injections into contract storage that can be accessed from Transco and Sonat.
14

15 **Q. If most of the Company's sales are weather sensitive, how does the Company**
16 **manage the fluctuations in usage on a daily basis?**

17 A. On both Transco and Sonat, interstate storage assets act as balancing mechanisms.
18 On the Sonat system, the needs of customers in the Columbus areas caused by
19 weather variations are met through a combination of: (1) the Company's Contract
20 Storage Service ("CSS"), (2) the Firm Transportation Service – No Notice ("FT-
21 NN") contract, and (3) citygate bundled peaking service. Collectively, these assets
22 provide a high level of flexibility for base load and daily swing purchases. On
23 Transco's system, the Company achieves flexibility for Gainesville area customers'

1 base loads and daily swing purchases on their Firm Transportation Service (FT)
2 contracts through the (1) Washington Storage Service (“WSS”), (2) General
3 Storage Service (“GSS”), (3) Eminence Storage Service (“ESS”) contracts, and (4)
4 the citygate bundled peaking service referenced above, all of which provide for
5 flexibility on a daily basis for fluctuations in demand. The Company maintains
6 frequent communication with its Asset Managers to ensure the storage contracts are
7 balancing the system as intended. In addition, the AMA contracts allow for daily
8 incremental purchases or sell backs as needed to keep in line with the GSP.
9

10 **Q. Have you projected the Company’s total gas costs for the 2025 - 2026 Plan**
11 **Year?**

12 A. Yes. Please refer to Page 6 of Exhibit III, which outlines the projected unit costs
13 for each supply. This information is combined with projected usage to determine
14 the total projected costs, which are summarized on Page 8 of Exhibit III.
15

16 **Q. Have you estimated the commodity cost of each supply purchase?**

17 A. Yes. The New York Mercantile Exchange (“NYMEX”) reports future monthly
18 prices for natural gas that is publicly traded. Exhibit III page 6 shows the NYMEX
19 natural gas futures settlement prices as of June 20, 2025, and these prices are the
20 starting point of the Company’s price projection. An *Inside FERC* first-of-the-
21 month index was estimated using NYMEX futures and the basis differential for
22 each supply pricing scenario, for each month. Both Columbus areas and
23 Gainesville areas supply estimates use *Inside FERC* index-based pricing for all base

1 load supply. A basis differential (the differential between the delivery point of the
2 gas and the NYMEX Henry Hub) was also calculated for the summer and winter
3 months and is presented on Exhibit III, page 7. To the extent that actual index prices
4 are different than the estimated prices in Exhibit III page 6, the Company's actual
5 costs will differ from these projections. The actual prices will be reflected in the
6 periodic Purchased Gas Adjustment ("PGA") filings made throughout the Plan
7 Year, which the Company is required to file at least quarterly, but which the
8 Company typically files each month.

9

10 **Q. Are firm transportation and storage contracts summarized in the Gas Supply**
11 **Plan?**

12 A. Yes. Page 9 of Exhibit III is the Pipeline Contract Summary that outlines each
13 contract's MDQ, term, and a description of the services provided. Billing units for
14 these contracts are shown on Page 10 of Exhibit III, demand and commodity
15 charges for these contracts can be found on Page 12 of Exhibit III, and total
16 transportation and storage costs are shown by contract on Page 13 of Exhibit III.

17

18 **Q. For each storage contract, please discuss how the gas is transported to and**
19 **from storage.**

20 A. The Company uses firm transportation contracts on Transco to move gas into and
21 out of the WSS storage as well as the ESS storage. The Transco GSS storage
22 service includes transportation from the citygate to storage for injections and from
23 storage to the citygate for withdrawals. On Sonat, the Company can use either the

1 FT or FT-NN contract. Injections and withdrawals can also be made on a no-notice
2 basis to the extent that there is space available on the FT-NN contract.

3

4 **Q. Do Liberty's firm customers require peaking services?**

5 A. Yes. In addition to interstate pipeline and storage capacity and gas supply as
6 previously described, peaking service is required to meet the design day
7 requirements of firm customers in the Gainesville and Columbus service areas. To
8 meet this need, in the 2024 – 2025 Gas Supply Plan (Docket No. 55650,) the
9 Commission authorized the Company to enter into citygate peaking service
10 agreements for not less than five days during the winter of 2024 – 2025.

11

12 **Q. What changes from the approved array of assets for the Gas Supply Plan for**
13 **2024 - 2025 do you propose to become effective during the 2025 – 2026 Plan**
14 **Year?**

15 A. Pursuant to the authority authorized in the 2024-2025 Gas Supply Plan, under the
16 extended AMAs the Company has contracted for and included within the Array of
17 Assets for this Capacity Supply Plan 4,500 Dth per day of bundled peaking services
18 for the Gainesville areas, which is part of a larger contract, the balance of which is
19 not included in the Gas Supply Plan. Also, the Company has contracted for and
20 included within the Array of Assets for this Capacity Supply Plan 4,900 Dth per
21 day of bundled peaking services for the Columbus area, which is part of a larger
22 contract, the balance of which is not included in the Gas Supply Plan. Indeed, the
23 reason that I filed the revisions to this pre-filed testimony was to make clear that

1 Liberty has not included the all of the contracted-for citygate bundled services, but
2 rather only the portion required to achieve a 5% reserve margin. Likewise, I want
3 to be clear that the Company is not requesting an increase to the historical 5%
4 reserve margin criteria for its Gas Supply Plan.

5
6 **Q. Does the resulting array of assets for the 2025-2026 Plan year produce a**
7 **reserve margin percentage greater than that which was approved in the 2024-**
8 **2025 plan year.**

9 A. No. The array produces a reserve margin of 5%, which is consistent with prior
10 approved plans.

11
12 **Q. Given the present authority, does Liberty require any other authorizations**
13 **from the Commission for the 2025 – 2026 Gas Supply Plan?**

14 A. No, not at this time.

15
16 **Q. Please further address how the Company will include Local Conforming**
17 **Natural Gas (“LCNG”) as a gas supply option in the future.**

18 A. The Company has supported the development of LCNG in Georgia, and we
19 continue to believe that LCNG options should be available to our customers
20 because of its local production availability and the potential to inject it into our
21 system without any interstate transportation. Liberty is not proposing to own
22 LCNG facilities and related environmental attributes. Consequently, when LCNG
23 becomes available to us, Liberty will treat LCNG produced within Georgia as “local

1 conforming natural gas” as that term is defined in Liberty’s Commission-approved
2 tariff. More specifically, LCNG projects will be eligible for service pursuant to
3 Liberty’s Local Gas Transportation Service – Conforming Gas rate schedule, which
4 allows the Company to receive local gas and transport it to end-use customers on
5 Liberty’s Georgia distribution system.

6 Liberty is actively working with several developers on LCNG projects. The
7 availability of LCNG has not occurred as previously anticipated due to permitting
8 and various other issues. Based upon our current work with several projects, we
9 believe that one project in the Columbus area may be in a position to begin adding
10 LCNG to Liberty’s supply portfolio as soon as the second quarter of 2026, but at
11 this time we are not relying upon this to meet our firm customers’ needs. As that
12 LCNG begins to flow, we will evaluate the reliability, quality, and quantity of the
13 gas so we can assess whether and how we can include such gas in our future supply
14 plans, and we will update the Commission as appropriate when we have such
15 sufficient information.

16

17 **Q. Does Liberty seek authority to revise contracts for interstate transportation**
18 **and storage contracts at this time?**

19 A. No. The Company is not proposing any interstate transportation modifications at
20 this time due to the lack of available interstate transportation capacity in the
21 marketplace for the 2025-2026 Plan Year. The Company continues to consider
22 whether incremental pipeline capacity additions or reductions may be appropriate,
23 and Liberty is experiencing growth that may provide challenges to serve in future

1 Gas Supply Plans given the current capacity-scarce market, which I will describe
2 later in this pre-filed direct testimony.

3 In the event that existing or new firm customers' demand should change
4 significantly, or the quality or quantity of contracted Sonat or Transco services
5 change so that the operation of this Plan is materially affected, the Company will
6 notify this Commission and Staff and seek Plan amendments, if appropriate.
7

8 **Q. Has the Company forecasted capacity release revenues for the 2025 - 2026 Plan**
9 **Year?**

10 A. Yes. Forecasted capacity release revenues are found on Page 15 of Exhibit III.
11 These forecasted capacity credits are also considered in the calculation of total
12 transportation costs on Page 13 of Exhibit III and total gas costs on Page 8 of
13 Exhibit III. As with forecasted commodity costs, forecasted capacity release
14 revenue is merely an estimate and may not reflect what is actually received by the
15 Company for released capacity. The forecast within this Plan is based on the
16 capacity release terms of the extended AMAs and the associated contractual
17 capacity utilization credits provided by the Asset Managers associated with the
18 assets under management. All actual capacity release credits, which may be
19 different than the forecasted credits, will be reflected in PGA filings made
20 throughout the Plan Year.
21

22 **Q. Has the Company provided actual sales, cost and capacity release information**
23 **for the 2024 – 2025 Plan Year?**

1 A. Yes, Exhibit IV shows the actual firm and interruptible sales and transportation
2 volumes by customer class for the period October 2024 through April 2025 (April
3 was the most recent information available at the time of the required filing). Also
4 shown are actual invoice costs by pipeline service for the same period, as well as
5 capacity release information. Updated information for the remainder of the 2024 -
6 2025 Plan Year will be provided through the monthly informational filings, as the
7 data becomes available.

8

9 **II. FINANCIAL HEDGING**

10

11 **Q. You mentioned that one of the authorizations the Company is requesting is an**
12 **extension of the hedging program. What is the purpose of a hedging program?**

13 A. As part of a larger gas procurement strategy, the reason to hedge a portion of the
14 forecasted gas supply quantity is to achieve improved price stability from the
15 natural gas commodity market. Price volatility in the natural gas market may vary
16 significantly over time. Financial hedging is used to introduce an element of price
17 stability for a portion of our customers' requirements, and to insulate consumers
18 from some of the volatility that characterizes natural gas commodity markets.

19

20 **Q. What is your role in the Company's hedging program?**

21 A. My responsibilities include executing hedges pursuant to gas supply plan approved
22 and in effect by the Georgia Public Commission, working with Treasury to establish
23 counterparties and counterparty credit thresholds, working with the third-party

1 consultant, and reviewing all internal and external reports regarding financial
2 hedging. Josh Tilbury, who testified on behalf of Liberty in prior proceedings, and
3 to whom I report, is also very involved in the hedging program.
4

5 **Q. What is the Company's proposal regarding hedging?**

6 The Company is seeking Commission approval to continue a hedging program that
7 is consistent with the hedging practices approved by the Commission in the last ten
8 gas supply plans. Liberty has been using a rolling hedging implementation period
9 that is layered ratably, unless extraordinary events warrant a suspension or
10 acceleration of planned hedging volumes. In the 2024 – 2025 Gas Supply Plan, the
11 Company and Staff agreed that Liberty should, and the Commission granted
12 authority for Liberty to, continue to utilize both swaps and options, hedging up to
13 30% of purchase requirements net of storage transactions for the months of
14 November 2024 through March 2025 and the months of November 2025 through
15 March 2026. The Company is seeking authority to continue the existing program
16 for an additional year.

17 In the 2019 – 2020 Gas Supply Plan filing (Docket No. 42316), Liberty
18 requested authority for an expansion of the hedging program, in light of the very
19 low gas prices that were dominating the market at that time. At the Company's
20 request, the Commission extended the hedging program so that as much as 10% of
21 expected winter volumes could be eligible for hedging 22 to 30 months prior to the
22 beginning of a winter period. That expansion of the hedging program was again
23 authorized in the four most recent Gas Supply Plans (Docket Nos. 42811, 44392,

1 45083 and 55650) as well. In each year, the 10% was not in addition to the existing
2 30% of expected winter volumes, but rather it was for up to one-third of the then-
3 currently authorized 30% of expected winter volumes that have traditionally been
4 eligible for hedging. Liberty believes that market conditions may once again justify
5 entering into hedging for the authorized 10% three winters in advance. In short,
6 having the authority to enter into longer term hedge arrangements, if the right
7 pricing scenario is available, continues to be in the best interests of natural gas
8 customers.

9

10 **Q. Based on current market conditions, is Liberty requesting that the**
11 **Commission continue the authority for the expanded hedging as authorized in**
12 **the most recent three gas supply plans?**

13 A. Yes. Liberty is requesting an extension of the previously granted authority, so that
14 in the event natural gas prices for transactions three years out are attractive and
15 market conditions otherwise suggest that customers would once again benefit from
16 the expanded hedging program, the Company will be in position to enter into such
17 hedges. If the right market conditions do not materialize, the Company will simply
18 not use the granted authority.

19

20 **Q. Does the Company have other proposals related to the hedging program?**

21 A. Yes, consistent with the Commission's Orders in previous gas supply plans, the
22 Company proposes to continue the current reporting practices, and the Company

1 requests continued authority to recover costs associated with the hedging plan
2 through the PGA.

3

4 **Q. Has the Company complied with the hedging provisions outlined in Paragraph**
5 **6 from the approved Stipulation in Docket No. 55650, regarding the hedging**
6 **program?**

7 A. Yes, the Company continues to comply with Paragraph 6 from the approved
8 stipulation in Docket No. 55650.

9

10 **Q. Can you summarize the Company's Gas Supply Hedging Plan that is included**
11 **within the proposed 2025 - 2026 Gas Supply Plan for Georgia?**

12 A. The fundamental components of the hedging plan are:

- 13 • As provided in Subparagraph 6(a) of the Stipulation approved by the
14 Commission in Docket No. 55650, Liberty proposes to continue to use a
15 rolling implementation of anticipated winter season purchases using a
16 disciplined layered, ratable approach for a majority of the hedged volumes;
- 17 • Consistent with established practices, Liberty proposes to continue to hedge
18 up to 30% of expected winter purchases (net of storage withdrawals) using
19 an overall mix of futures, swaps and deferred premium call options
20 determined by the Company;
- 21 • Additionally, the Company may hedge up to one-third of the Authorized
22 Amounts (that is, up to 10% of the anticipated winter purchases, which for
23 the 2025 – 2026 winter, is approximately 177,000 Dth) for as much as three

winters in advance (these three-winter-ahead hedges may be done in fewer transactions, based on the Company's assessment of market conditions); and

- Consistent with Subparagraph 6(c) of that approved Stipulation, Liberty proposes to continue the record keeping and reporting practices.

Q. Please describe the utilization of a rolling implementation of anticipated winter season purchases.

A. A two-season horizon provides exposure to market pricing, which helps to limit the effects of short-term market movements. Traditionally, the financial market provided enough liquidity 18 months out to allow transactions to be implemented. The financial market during the 2025 – 2026 Plan Year may provide liquidity well beyond 18 months.

Q. What, if any, other change is the Company proposing to the previously authorized hedging program?

A. The Company is not seeking to make any other changes to its hedging program from what was approved in the most recent Liberty Gas Supply Plan docket. This would mean that we would extend the dates to finish hedging for winter 2026-2027, begin the hedging for the winter of 2027-2028 and have the option to hedge 10% of normal expected purchases for the winter of 2028-2029 in the event-short term market conditions present favorable pricing.

1 **Q. Is the Company still receiving guidance regarding hedging?**

2 A. Yes. The Company’s third-party consultant, Gelber & Associates (“Gelber”), is
3 continuously monitoring market conditions. In Georgia, Gelber provides guidance
4 concerning hedging strategy and implementation regarding three key issues:

- 5 • The overall mix between swaps and options;
- 6 • Whether extreme market conditions exist, and a suspension or acceleration
7 of planned volumes is warranted; and
- 8 • Intra-month timing of ratable hedging transactions.

9

10 **Q. Please describe the utilization of a disciplined layered, ratable approach.**

11 A. The primary purpose of hedging prices for gas utility customers is to achieve
12 improved price stability; therefore, hedging will not necessarily result in the lowest
13 possible price. A disciplined layered, ratable approach allows for movements in the
14 market to be averaged out over time, thus possibly not delivering the lowest price,
15 but ensuring that the customers’ exposure to price volatility is reduced.
16 Consequently, Liberty proposes that we continue this layered, ratable approach
17 during the existing timeline for the remaining expected winter volumes to be
18 hedged. If extraordinary market conditions occur, Liberty proposes that it may,
19 after considering the recommendation of the third-party consultant, exercise
20 judgment and temporarily suspend or accelerate transactions.

21

1 **III. COMPLIANCE WITH STIPULATIONS IN DOCKET NO. 55650**

2

3 **Q. Did Liberty comply with Paragraph 1 from the approved Stipulation in Docket**
4 **No. 55650, requiring a modification to the proposed Purchase Gas Adjustment**
5 **Factor effective October 1, 2024, to include an imbalance adjustment for the**
6 **projected over/under recovery for the 2023 – 2024 recovery year pursuant to**
7 **Official Code of Georgia (O.C.G.A.) § 46-2-26.5(e)?**

8 **A. Yes, Liberty filed a balancing adjustment for the over recovery from the 2023 -**
9 **2024 recovery year.**

10

11 **Q. Did Liberty comply with Paragraph 2 from the approved Stipulation in**
12 **Docket No. 55650 requiring monthly and quarterly filings of gas costs and**
13 **recovery positions for the 2024 – 2025 Plan Year, pursuant to O.C.G.A § 46-**
14 **2-26.5 and Commission Utility Rule 515-7-2?**

15 **A. Yes. Liberty made the required filings during the 2024 – 2025 Plan Year. The**
16 **following is a summary listing the dates of the filings and what was included:**

- 17
- 18 • October 11, 2024 Revised Forecast
19 November 2024 PGA
20 September 2024 Actuals
21 Balancing Adjustment
22 (Over)/Under Recoveries
23
- 24 • November 15, 2024 Revised Forecast
25 December 2024 PGA
26 October 2024 Actuals
27 Balancing Adjustment
28 (Over)/Under Recoveries
29
- 30 • December 16, 2024 Revised Forecast

1		January 2025 PGA
2		November 2024 Actuals
3		Balancing Adjustment
4		(Over)/Under Recoveries
5		
6	●	January 15, 2025
7		Revised Forecast
8		February 2025 PGA
9		December 2024 Actuals
10		Balancing Adjustments
11		(Over)/Under Recoveries
12	●	February 17, 2025
13		Revised Forecast
14		March 2025 PGA
15		January 2025 Actuals
16		Balancing Adjustment
17		(Over)/Under Recoveries
18	●	March 17, 2025
19		Revised Forecast
20		April 2025 PGA
21		February 2025 Actuals
22		Balancing Adjustment
23		(Over)/Under Recoveries
24	●	April 15, 2025
25		Revised Forecast
26		May 2025 PGA
27		March 2025 Actuals
28		Balancing Adjustment
29		(Over)/Under Recoveries
30	●	May 15, 2025
31		Revised Forecast
32		June 2025 PGA
33		April 2025 Actuals
34		Balancing Adjustment
35		(Over)/Under Recoveries
36		
37	●	June 16, 2025
38		Revised Forecast
39		July 2025 PGA
40		May 2025 Actuals
41		Balancing Adjustment
42		(Over)/Under Recoveries

43 **Q. Does the Company foresee any Over/Under Recovery balance in the current**
44 **Plan Year?**

1 A. Yes. The Company anticipates an Over/Under Recovery balance of some amount
2 every year. The balances are, however, within a range of reasonable differences
3 given the way these costs are incurred and how these costs are recovered, both
4 prescribed and authorized by GPSC rules and Orders, and the Company's tariff.
5 Through the current gas supply plan and the PGA recovery factors, the Company
6 is working to bring the month-to-month cumulative Over/Under Recovery balance
7 to as close to zero as practical.

8

9 **Q. From a policy perspective, why is it important that the cumulative balance be**
10 **as close to zero as practical?**

11 A. As a matter of policy, having the costs of gas during a plan year paid for by the
12 customers that are on the system during that plan year helps to ensure that each
13 customer pays the costs incurred on behalf of that customer. A significant over- or
14 under-recovery will affect gas costs in the following gas supply plan year.

15

16 **Q. Does the Company have a proposal to address the challenge of significant cost**
17 **increases after the PGA rates have been filed with the Commission?**

18 A. Yes. As I stated before, while I am not an attorney and am not providing a legal
19 interpretation, the plain language of Georgia's purchased gas adjustment factor
20 code section appears to offer a potential way to mitigate over- or under-collections
21 during these price volatile times. O.C.G.A. § 46-2-26.5(i) provides:

22 (i) At least every three calendar months, the gas utility shall file
23 proposed revisions to the adjustment factors based on actual
24 unrecovered purchased gas costs in order that the revenues to be
25 recovered pursuant to such rate during the remainder of the current

1 recovery year shall equal, as nearly as possible, the gas utility's
2 unrecovered purchased gas costs through the end of such recovery
3 year. The revisions to the adjustment factors, if any, shall be made
4 to the nearest 0.01¢ per therm. *Unless the commission directs*
5 *otherwise*, such revised adjustment factors shall become effective
6 on the first day of the first calendar month that begins at least 15
7 days after the date of such filing. (*Emphasis added.*)
8

9 Liberty's request of the Commission is the same as requested by Liberty and
10 approved by the Commission last year. First-of-the-month commodity prices are
11 not established until a few days prior to the beginning of each month.
12 Consequently, Liberty is asking that it continue to be allowed to file new PGA rates
13 as late as two days prior to the first of the month in which the new rates are to be
14 effective. We believe that this flexibility may significantly mitigate over/under-
15 collections until energy prices become more stable.
16

17 **Q. Is the Company proposing a new PGA as part of this 2025 – 2026 Gas Supply**
18 **Plan, based on the filed forecast?**

19 A. Yes, the Company is filing a proposed PGA recovery factor (set forth in Exhibit V)
20 to become effective October 1, 2025. Additionally, projected PGAs to become
21 effective periodically during the 2025 – 2026 Plan Year are provided. The initial
22 PGA recovery factor will, of course, be revised prior to October 1, 2025, to reflect
23 any modifications ordered by the Commission and to reflect revised cost
24 projections. Each PGA factor will be similarly revised.
25

1 **Q. Did the Company file its Design Day Forecast with the Commission for the**
2 **2025 – 2026 Plan year by June 2, 2025, as required by Paragraph 3 of the**
3 **Commission-approved Stipulation in Docket No. 55650**

4 A. Yes. The Design Day Forecast is included as pages 1 – 7 of Exhibit II in the
5 Company’s June 2, 2025, filing in this docket and subsequently refiled July 1, 2025,
6 pursuant to the Commission’s Procedural and Scheduling Order in this docket.
7

8 **Q. As provided for in Paragraph 4 of the Stipulation adopted by the Commission**
9 **in Docket No. 55650, did the Company use the forecasting methodology agreed**
10 **to by Staff and the Company for the 2025 – 2026 Gas Supply Plan?**

11 A. Yes. The Company used the agreed-to HDD forecasting methodology for this
12 filing. The Company also submitted a second version of Exhibit II for 2025 – 2026
13 Design Day based on an Effective Degree Day (“EDD”) model. The Company has
14 agreed to work with Staff on the difference and effectiveness between the two
15 models which I will discuss more in my testimony below.
16

17 **Q. Was the Quandt-Andrews Break Point test used by Liberty in this docket?**

18 A. Yes. The Company continued to use the Quandt-Andrews Break Point Test to
19 confirm data stability. The results are included within the forecasts provided as a
20 Trade Secret version of Exhibit II to this Testimony.
21

22 **Q. Have you provided information concerning the methodology used by the**
23 **Company to develop the 2025 – 2026 design day forecast?**

1 A. Yes. Liberty provided detailed information on the Company's forecasting
2 methodology in Exhibit II, Pages 8-10.

3

4 **Q. Please briefly describe the process the Company followed to forecast the**
5 **design day numbers reflected in the 2025 – 2026 Gas Supply Plan.**

6 A. The process is described in some detail in Exhibit II. Selecting an appropriate
7 Heating Degree Day ("HDD") is the first step in the forecasting process to
8 determine the appropriate level of assets to include within the Gas Supply Plan. The
9 Company continues to maintain that an appropriate HDD for our customers is
10 represented by our coldest day since 1984. This allows for the Company to plan an
11 adequate supply to our firm customers for every day of the Plan Year. The
12 Company prefers to use the HDDs associated with the coldest known actual day for
13 planning purposes.

14 The second major step is to determine the amount of resources that will be
15 required to serve the Company's firm customers if the design day temperatures
16 were to be experienced during the Plan Year. The Company calculates the
17 forecasted amount of energy (measured Dth) that would be required to meet our
18 firm customers' needs on a Design Day using a multi-linear regression model
19 discussed previously, this model calculates customer demand based on a stepped
20 HDD approach which captures customer demand at two different HDD levels. This
21 approach has been demonstrated to provide superior results in previous Georgia gas
22 supply plan dockets.

1 The third major step is to correct the resulting calculation for a known
2 margin of error. In this step of the forecasting process, Liberty continues to increase
3 its design day forecast by not more than a five percent (5%) reserve margin, in lieu
4 of making an adjustment for a known margin of error.

5 Once a design day forecast is calculated, a portfolio must be prepared to
6 meet the design conditions by setting the appropriate capacity levels for each
7 service area.

8

9 **Q. Has the Company experienced the need to include customer growth forecasts**
10 **in modeling assumptions before.**

11 A. Yes, in last year's plan, the Company included larger sales volume growth
12 assumptions than in past years. In this forecast, the Company once again included
13 additional sales volume growth assumptions, driven by new customers, but the
14 additions were not as large as last year since the base line for this year included the
15 larger numbers for last year.

16

17 **Q. Is there a need to incorporate customer growth forecasts in the 2025 – 2026**
18 **Gas Supply Plan?**

19 A. Yes, the Company is continuing to experience increased growth in both the
20 Gainesville and Columbus service areas. This includes multiple moderate-sized
21 residential developments in which some homes are currently starting to be
22 occupied, and more homes are in the process of being built. Residential
23 neighborhood growth is planned to continue for the next several years. In addition,

1 one industrial customer on the Gainesville system has also added production which
2 will increase its gas supply needs. The Company therefore incorporated an out of
3 model adjustment for this expected increase in demand in natural gas. This growth
4 adjustment is included in both the Design Days provided in Exhibit II of my
5 testimony as well as the normal expected purchases provided in Exhibit III.
6 Including this adjustment for incremental growth in the Gas Supply Plan will ensure
7 the Company has adequate capacity to serve all customers, both existing and new
8 customers, in a Design Day scenario as well as the customers' day-to-day gas needs.

9

10 **Q. Describe the process the Company followed to forecast new customer growth**
11 **in the 2025 – 2026 Gas Supply Plan.**

12 A. Liberty engaged with developers of both residential and non-residential properties
13 to better understand the timing and sales volumes forecasted to come into the
14 Liberty system during the 2025 – 2026 Gas Supply Planning horizon. These
15 meetings resulted in modest adjustments being included for sales volumes and
16 supplies by month until September of 2029 in Exhibit I and Exhibit III, as well as
17 Design Day volumes in in Exhibit II. Specific customer usage profiles were used
18 for non-residential customers when known and seasonal typical usage profiles were
19 used for residential growth.

20

21 **Q. What is an Effective Degree Day (“EDD”)?**

1 A. An EDD is like an HDD in that it considers the temperature of a given day, however
2 an EDD also takes into consideration wind as an element to better reflect the impact
3 of weather elements on heating usage of a given day.
4

5 **Q. What changes, if any, need to be made to improve the design day methodology**
6 **approved in previous Gas Supply Plans for Liberty?**

7 A. As mentioned earlier in my testimony, the Company has been in discussion with
8 Staff on a potential improvement to the current Design Day methodology. The
9 current approved methodology uses HDD as the basis for weather at specific system
10 requirements. As part of the Company's short-term and long-term planning, EDDs
11 are used in place of HDDs in an alternate forecasting model. Using EDDs has
12 proven to be effective in the day-to-day operations of forecasting the Columbus and
13 Gainesville's properties. The Company proposes continuing to work with Staff to
14 determine which model more accurately projects customers' needs and thus should
15 be used as the forecasting model in future Gas Supply Plans.
16

17 **Q. Did the Company comply with the provisions of Paragraph 5 from the**
18 **approved Stipulation in Docket No. 55650 regarding AMAs and peaking or**
19 **incremental capacity service?**

20 A. Yes. The Company contracted for the levels of peaking services detailed in
21 Paragraph 5 of the Stipulation approved by this Commission in that docket.
22

1 **Q. Has the Company complied with Paragraph 6 from the approved Stipulation**
2 **in Docket No. 55650 requiring the Company to maintain records of all hedging**
3 **transactions and submit a report to the Commission at the end of each quarter**
4 **detailing these transactions?**

5 A. Yes. The Company has continued its approved hedging program, as I have
6 discussed in this testimony. Additionally, Liberty has reflected its costs of the
7 hedging program in the PGA filings and submitted quarterly reports to the
8 Commission on its hedging activity.

9

10 **Q. Has the Company complied with Paragraph 7 from the approved Stipulation**
11 **in Docket No. 55650 requiring the Company to (a) continue the PBR program**
12 **under the current terms and conditions beginning October 1, 2024, through**
13 **September 30, 2025, and (b) continue the monthly PBR filings?**

14 A. Yes. The Company also requests that the PBR program be extended for another
15 year, including the monthly PBR filing requirements.

16

17 **Q. Paragraph 8 from the approved Stipulation in Docket No. 55650 summarized**
18 **the status of Supply and Asset Management Agreements. What authority is**
19 **the Company requesting as part of this Gas Supply Plan regarding Supply and**
20 **Asset Management Agreements?**

21 A. No additional authority is being requested. The Company has extended the current
22 AMA for two (2) years under the same terms and conditions except that the
23 Company was able to attain additional MDQ in its Peaking Agreements.

1

2

3

4 **IV. CONCLUSION**

5 **Q. What does the Company request of the Commission in this Docket?**

6 **A.** The Company requests that the Commission approve its proposed 2025 – 2026 Gas
7 Supply Plan as filed, specifically including, but not limited to:

8 (1) The design day forecast utilizing the coldest day since 1984 along with the
9 Company's annual requirements to serve customers in the Gainesville service
10 areas and the Columbus service areas;

11 (2) The array of supply and capacity assets that the Company has proposed to serve
12 those requirements specifically including, but not limited to:

13 (a) Interstate storage in the amounts specified in the Exhibits;

14 (b) Interstate transportation in the amounts specified in the Exhibits;

15 (c) Natural gas commodity to be provided pursuant to Asset Management
16 Agreements;

17 (3) The adjustment factors the Company proposes for recovering its purchased gas
18 costs during the recovery year, together with the calculations that produced such
19 factors;

20 (4) An extension of the existing Hedging Plan through March 2028, including
21 authority for the Company to hedge up to one-third of the Authorized Amounts
22 (that is, up to 10% of the anticipated winter purchases for as much as three
23 winters in advance (these three-winter-ahead hedges may be done in fewer
transactions, based on the Company's assessment of market conditions) and,

1 authorize the Company to recover costs associated with the hedging plan
2 through the purchased gas cost adjustment (PGA) mechanism;
3 (5) An extension of the Performance Based Ratemaking Plan through September
4 30, 2026;
5 (6) Authority, continuing until the end of 2025-2026 Gas Supply Plan Year
6 (September 30, 2026), for Liberty to shorten the 15 days between the PGA rate
7 filing and the effective date of the newly filed PGA rates to two days; and
8 (7) Authority to do other things necessary to accomplish the goals, objectives and
9 tasks as part of this 2025 – 2026 Gas Supply Plan.

10

11

12 **Q. Does this conclude your testimony?**

13 A. Yes, this concludes my pre-filed direct testimony at this time.

14

Attachment A: CURRICULUM VITAE OF MARTIN DEBRUIN

EXPERIENCE

Liberty Utilities – Manager, Gas Supply Planning

November 2011 – Present

- Oversee the gas purchasing, storage planning, gas scheduling, forecasting, and asset management agreements for Liberty's operations in Missouri, Iowa and Illinois, providing natural gas to 25 service areas from eight interstate pipelines.
- Responsible for securing reliable and cost-effective gas for customers (either directly or through contracted asset managers) and assisting in calculating customers' cost of gas.
- Participate in each state's hedging program, determining volumes of gas to be hedged and working with the Company's hedging consultant on timing of hedges. Track hedges for market-to-market accounting and provide settlement reports.
- Manage pipeline capacity contracts to ensure adequate capacity is effectively secured for customers.
- Providing data to respond to data requests in all three jurisdictions and provide data for rate proceedings. Responsible for monitoring interstate pipeline rate cases.
- Responsible for staying current on regulatory requirements, market trends, and industry standards.

Transgas – Director of Customer Relations

2004-October 2011

Tractebel (Distrigas) - Manager of Sales

2001-2004

Bay State Gas – Gas Supply Manager

1998-2001

Colonial Gas – Manager of Gas Supply

1990-1998

EDUCATION

University of Lowell, Lowell, MA Bachelor's in Accounting, Graduated Cum Laude

Bentley College, Waltham, MA, Master's in Finance

**BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION
ATLANTA, GEORGIA**

IN RE:

**LIBERTY UTILITIES (PEACH STATE
NATURAL GAS) CORP.
2025 – 2026 GAS SUPPLY PLAN**

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DOCKET NO. 56178

AFFIDAVIT

**COUNTY OF ROCKINGHAM)
STATE OF NEW HAMPSHIRE)**

Martin DeBruin, first being duly sworn, deposes and says that he is Martin DeBruin, whose prepared revised Direct Testimony, filed July 17, 2025, on behalf of the Applicant in the above-entitled proceeding accompanies this affidavit.

Martin DeBruin further states that, to the best of his knowledge and belief, his answers to the questions contained in such testimony are true and accurate and that he adopts those answers as his sworn testimony in this proceeding.

Martin DeBruin

Martin DeBruin
Manager, Gas Supply Planning

SUBSCRIBED AND SWORN TO before me, the

Undersigned Notary Public, this 22nd day of July, 2025.

My Commission Expires: Feb. 23, 2029

