

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-5, SUB 608

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Public Service Company of North)
Carolina, Inc., for Annual Review of Gas Costs) ORDER PROVIDING NOTICE OF
Pursuant to N.C.G.S. § 62-133.4(c) and) COMMISSION QUESTIONS
Commission Rule R1-17(k)(6))

BY THE PRESIDING COMMISSIONER: On June 1, 2019, Public Service Company of North Carolina, Inc. (PSNC), filed testimony and exhibits (testimony) of Candace Paton and Rose Jackson in the above-captioned docket relating to an annual review proceeding pursuant to N.C.G.S. § 62-133.4(c) and Commission Rule R1-17(k)(6). On June 5, 2019, the Commission issued an Order scheduling this docket for a hearing on August 13, 2019.

On July 29, 2019, the Public Staff filed testimony of Julie G. Perry, Sonja R. Johnson, and Geoffrey M. Gilbert.

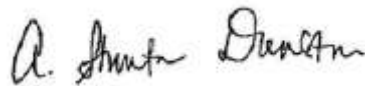
Based on the testimony of the parties, the Commission has several questions that it will pose to PSNC's witnesses at the hearing. In order to allow the witnesses to adequately prepare, the Presiding Commissioner finds good cause to attach the Commission's questions as Attachment A to this Order. The parties should note that these questions are not intended to represent an exhaustive list of the questions that may be asked by the Commission at the hearing.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 7th day of August, 2019.

NORTH CAROLINA UTILITIES COMMISSION



A. Shonta Dunston, Deputy Clerk

Commission Questions

PSNC Witness Jackson

1. On page 8 of your pre-filed direct testimony, you discuss the use of segmentation of the Transco firm transportation capacity to schedule backhaul deliveries of gas, on a secondary firm basis. You state, "As I have testified in previous gas cost reviews, the Company has increasingly been unable to use segmentation of its Transco capacity due to changes in gas flows on the Transco system." You mention six specific sources of downstream capacity: Columbia Gas, Cove Point, DETI, East Tennessee/Saltville, Pine Needle, and Texas Gas that depend on backhaul.

On Exhibit RMJ-1, DETI is shown as providing "Contracted Capacity" and "Seasonal Capacity." Do both of these DETI sources of capacity rely on backhaul?

Exhibit RMJ-1 shows "Design Day Demand" and "Available Assets." If the Company relies on secondary firm transportation to get capacity to its city gate, should that capacity be counted as available to meet design day needs?

2. On pages 8 and 9 of your pre-filed direct testimony, you discuss arrangements made for 60,000 dekatherms per day (dts/day) of firm capacity for the months of November 2018 through March 2019. You state that reservation fees will be paid during those months and that the Company "has entered into a similar arrangement for the upcoming winter."

How much capacity does the arrangement for the 2019-2020 winter cover?

3. In Docket No. G-5, Sub 591, you testified that PSNC contracted for 250,000 (dts/day) of capacity on Mountain Valley Pipeline. In that docket, the capacity that PSNC contracted for on Mountain Valley Southgate was filed as confidential. Is that information still confidential?

4. Some interstate pipeline new capacity projects have been proposed with producers and marketers included as shippers. These include Mountain Valley Pipeline and Transcontinental Gas Pipe Line Company's 1,700,002 dts/day Atlantic Sunrise Project. Transco also recently announced its 582,400 dt/day Leidy South Project with wholesale shippers, including Cabot Oil & Gas and Seneca Resources Corporation. That application stated, "Cabot and Seneca stated that...the Project capacity is expected to serve various local distribution companies, power plant conversions from coal and oil, and new natural gas power generation plants, all in Transco's Zone 5 and Zone 6, which include, among other states, New York, New Jersey, North Carolina and South Carolina."

Please discuss the advantages and disadvantages of contacting for capacity from a wholesale shipper as opposed to securing capacity directly from the interstate pipeline in an incremental project.

PSNC Witness Paton

1. Exhibit CAP-1, line 33, shows "Total Demand and Storage Costs Expenses" and reflects an annual total of \$91,410,716. Is the impact of the first month of Transco's rate increase in Docket No. RP18-1126 included in that figure?