

ERRATA

To: Chief Clerk's Office

From: Kim Mitchell

CC:

Date: September 5, 2019

Re: Docket Number G-9, Sub 743

Application of Piedmont Natural Gas Company, Inc., for an Adjustment of Rates, Charges, and Tariffs Applicable to Service in North Carolina, Continuation of its IMR Mechanism, Adoption of an EDIT Rider, and Other Relief.

VOLUME: 6

Please accept for filing the attached corrected pages in the above-mentioned docket and volume. The corrections are as noted below:

Vol. 6, p. 219, line 12 "Mr. Perry" should read "Ms. Perry"

Vol. 6, p. 224, lines 1 and 2 – "CIC" should read "CIAC"

Vol. 6, p. 228, line 8 – "CIC" should read "CIAC"

Vol. 6, page 184, line 5 – "composition" should be "capitalization"

Vol. 6, page 90, lines 11-13 – "Robeson Allen G" should be "Robeson LNG"

Vol. 6, page 382, line 22 – "Mannus" should be "Maness"

Please distribute the errata and attached pages to all of the parties in the case.

Thank you.

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1 the right to file rate cases when and as they need
2 them, but has there been any discussion in this case
3 between Piedmont and some of the other parties about
4 their anticipation of the next general rate filing?

5 A. Of Piedmont's next general rate filing?

6 Q. Uh-huh.

7 A. Yes. We anticipate -- we've talked about
8 that some additional plant investment in the coming
9 years would drive the Company to likely need to file
10 another general rate proceeding.

11 Q. And that's the -- specifically the Robeson
12 LNG project?

13 A. The Robeson LNG Facility, yes.

14 Q. Okay. And that -- at least currently, we
15 anticipate that that will occur before we ever get to
16 the years four and five of the --

17 A. Yes.

18 Q. Is that right?

19 A. Yes.

20 Q. Okay. Thank you. Could you now turn to --

21 COMMISSIONER GRAY: Could you use that
22 microphone a little better, please?

23 MR. JEFFRIES: I'm sorry?

24 COMMISSIONER GRAY: Speak into it.

1 Q. Did you have a substantial difference of
2 opinion in the methods used and explanations given by
3 Witness Woolridge?

4 A. No. I had issues with his adjustment to
5 reduce his ROE based on different capitalization ratios. I
6 feel that method is somewhat tenuous, because
7 relationship to a capital structure and ROE is -- I
8 mean, obviously, if you have more equity in your
9 capital structure, you have less risk, but it's not --
10 the relationship is not as granular as you might want to
11 think it is. So when he made his transition to
12 recommend the lower end of his ROE range, I could not
13 accept that.

14 I mean, it's not unreasonable, because my
15 lower number is 8.63, but that was has high number, that
16 was his recommended number. So I have concerns with his
17 range being in the lower end of the scale. I think it
18 reflects -- he would determine it as the required
19 return -- rate of return -- the minimum required rate of
20 return. And there's reason within that range,
21 parameters, have you've seen over the years before us,
22 before you, of witnesses.

23 Q. Thank you, Mr. Hinton.

24 COMMISSIONER BROWN-BLAND: Any questions

1 of like the old CIAC calculations. Instead of paying
2 the CIAC up front, you do it over time.

3 We have agreements where it might be a
4 customer that's upgrading its facility and wants to do
5 the same thing, but they're already connected. It
6 might not be as big a construction investment, but they
7 want to pay -- a special contract might be where they
8 want to pay something additional over five years, so
9 they don't have to come out of pocket with the whole
10 thing.

11 And we have now electric generators in the
12 state, both CCs and CTs, that would be large volume
13 users -- larger volume users -- and a lot of that is
14 the plant investment. And then we need to make sure
15 that the analysis is covering its cost. We have
16 certain assumptions that we use to look at all of
17 these. And similar to feasibility studies we do for
18 residentials, but it's just on a larger scale with
19 different assumptions, but we do the same thing for
20 some other customers as well.

21 Q. Are any of the special contracts for
22 potential bypasses? So somebody might be a customer of
23 Piedmont, but they have the opportunity to interconnect
24 directly with an interstate pipeline, and, therefore,

1 that -- is that every contract has a system benefit,
2 but I think, because we are trying to make sure that
3 those -- the way the contracts are structured, they're
4 more -- there is no unfair advantage, and there's no
5 way to unduly discriminate between different customers.

6 The fixed charges are, you know, typically
7 held just for plant -- you know, for plant investment
8 and feasible -- just like you would a CIAC, just to
9 connect any water customer with gas customer, and we've
10 done that in the past. But we're -- we just want to
11 make sure that, even though all these contracts that
12 we've had so far do have a benefit built in, they're
13 not all the same, and they're not all structured the
14 same. And I'm sorry, I can't completely answer your
15 question, because I'm getting confidential if I go too
16 deep.

17 Q. Okay. Well, let me see if I can -- this
18 might make the confidentiality issue worse, or it may
19 alleviate it to some extent, but --

20 A. Sorry.

21 Q. -- in July 2009, in Docket G-9, Sub 568, the
22 Commission issued an order allowing a transportation
23 service agreement for gas between Piedmont and what was
24 then Carolina Power and Light to go into effect. In

1 This concludes my summary.

2 MS. CULPEPPER: The witness is available
3 for cross examination and questions by the
4 Commission.

5 COMMISSIONER BROWN-BLAND: Is there
6 cross examination for this witness?

7 MR. WEST: There is, but the AG has to
8 work something out first.

9 COMMISSIONER BROWN-BLAND: Mr. West,
10 let's gear up.

11 CROSS EXAMINATION BY MR. WEST:

12 Q. Good afternoon, Ms. Perry, how are you?

13 A. Good, thank you.

14 Q. In your position as the accounting manager
15 for natural gas and transportation, is part of your
16 role to review the special and electric generation
17 contracts that are presented by Piedmont to the
18 Commission for approval?

19 A. Yes, sir. For all special contracts, for all
20 utilities in the state and electric generation
21 contracts.

22 Q. And did you have a role in crafting paragraph
23 32 of the stipulation?

24 A. I did.

1 COMMISSIONER CLODFELTER: That's all.

2 COMMISSIONER BROWN-BLAND: All right.

3 So we will be sure to receive that as a late-filed
4 exhibit, and when it comes in, it will be received
5 into the record. All right.

6 Now, no questions from the Commission?
7 And no cross examination?

8 Ms. Patel, thank you. You are excused
9 and you may step down.

10 MS. CULPEPPER: That concludes the
11 Public Staff's case.

12 COMMISSIONER BROWN-BLAND: By my
13 account, all the prefiled testimony has already
14 been received into evidence. We have the
15 application and stipulation into evidence. Any
16 other matters that we might be overlooking?

17 (No response.)

18 COMMISSIONER BROWN-BLAND: All right.

19 MS. HARROD: I'm sorry, Madam Chair.

20 COMMISSIONER BROWN-BLAND: Yes,
21 Ms. Harrod.

22 MS. HARROD: Mr. Maness was kind enough
23 to let me know that, when I asked the Commission to
24 take judicial notice of the Dominion rate case