

**IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)	
)	
PETITION OF PIEDMONT)	
NATURAL GAS COMPANY, INC.)	DOCKET NO. 14-00086
FOR APPROVAL OF A CNG)	
INFRASTRUCTURE RIDER TO)	
ITS APPROVED RATE)	
SCHEDULES AND SERVICE)	
REGULATIONS)	

PETITION TO INTERVENE

Robert E. Cooper, Jr., Attorney General and Reporter for the State of Tennessee, by and through the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate"), pursuant to Tenn. Code Ann. § 65-4-118, respectfully petitions the Tennessee Regulatory Authority ("TRA" or "Authority") to grant the Consumer Advocate's intervention into this proceeding on behalf of the public interest, because consumers may be adversely affected by the Petition of Piedmont Natural Gas Company, Inc. for Approval of a [Compressed Natural Gas] Infrastructure Rider to its Approved Rate Schedules and Service Regulations ("Petition") filed in this TRA Docket by Piedmont Natural Gas Company, Inc. ("Piedmont" or "Utility"). For cause, the Consumer Advocate would show as follows:

1. The Consumer Advocate is authorized by Tenn. Code Ann. § 65-4-118 to represent the interests of Tennessee consumers of public utility services by

initiating and intervening as a party in proceedings before the Authority in accordance with the Uniform Administrative Procedures Act and Authority rules.

2. Piedmont is a public utility regulated by the Authority and is engaged in the business of transporting, distributing, and selling natural gas in the State of Tennessee.¹

3. On August 29, 2014, Piedmont filed the Petition, under Tenn. Code Ann. § 65-5-103(d) and TRA Rule 1220-4-1-.04, requesting approval from the TRA of a proposed Compressed Natural Gas (“CNG”) Infrastructure Rider mechanism to its approved Rate Schedules and Service Regulations, with such mechanism to be effective as of October 1, 2014.² By the Petition, Piedmont asks the TRA to “implement a new CNG Infrastructure Rider (“IR”) mechanism in its tariff in order to allow it to recover, on an intra-rate case basis, the costs associated with the levels of capital expenditures incurred as the result of expansion of existing CNG infrastructure and the construction of new CNG filling stations to increase accessibility and improve safety in response to growing demand for natural gas as an alternative motor vehicle transportation fuel in Tennessee.”³

4. With the Petition, the Utility filed a copy of a proposed IR mechanism, in the form of a proposed rider to Piedmont’s tariff.⁴ Under the IR mechanism, Piedmont proposes to file quarterly capital expenditure reports of CNG investment

¹ Petition, page 2, paragraph 2 (for clarity of reference, the page numbering on each page of the Piedmont Petition, which does not include the cover letter and table of contents, will be used in this Petition to Intervene).

² Petition, page 1, first sentence.

³ Petition, page 3, paragraph 5.

⁴ Petition, page 3, paragraph 5, and Exhibit A to the Petition.

costs in connection with infrastructure and equipment expansion, and to defer those capital expenditures and costs.⁵ To recover those expenditures and costs, the Utility proposes to file, once each year, a request with the TRA to update the relevant rates.⁶ Recovery on those expenditures and costs (“IR Recovery”) would “include return, depreciation and taxes, consistent with the cost of service treatment authorized in Piedmont’s last Tennessee rate case.”⁷

5. As support for the Petition, Piedmont asserts that Tenn. Code Ann. § 65-5-103(d) “authorizes the Authority to implement alternative regulation mechanisms, outside the context of a general rate case, allowing public utilities to recover the operational expenses, capital costs, or both associated with: (1) infrastructure and equipment associated with alternative motor vehicle transportation fuel; or (2) infrastructure that will provide opportunities for economic development benefits in the area to be directly served by the infrastructure, if the Authority finds that such mechanisms are in the public interest.”⁸ Piedmont contends that the application of this statute would enable the Utility to continue to explore the potential to construct, own, and operate additional CNG filling stations in the Nashville area and provide an economic bridge from the time period in which revenues do not offset costs generated by the investment described above to the next rate case.⁹ The Utility further contends that this bridge

⁵ Petition, page 7, paragraph 14.

⁶ Id.

⁷ Id.

⁸ Petition, page 2, paragraph 3. With respect to these requests, although not specifically cited, Piedmont appears to rely on Tenn. Code Ann. § 65-5-103(d)(3), Tenn. Code Ann. § 65-5-103(d)(4), and related provisions.

⁹ See Petition, pages 6-7, paragraphs 10-13.

would “allow the [Utility] to recover its costs . . . and, in so doing, will promote public safety and economic development through advanced infrastructure and equipment without regard to the timing of general rate cases.”¹⁰ With respect to the cost of “at least one additional CNG filling station for public access, and at least one CNG filling station to be operated on site with an existing commercial business (e.g. a convenience store)[,]” Piedmont anticipates such cost to be “upwards of \$4.6 million.”¹¹

6. To support the required public interest finding by the Authority, Piedmont cites Tennessee legislation,¹² a U.S. governmental energy report,¹³ and a memorandum of understanding¹⁴ among several states – all of which, Piedmont asserts, underscore the public policy benefits and advantages of using natural gas fuel as a motor vehicle transportation fuel. Piedmont further cites its experience in operating and expanding two publicly accessible CNG filling stations in Tennessee as supporting the public interest in the expanding usage of natural gas vehicles.¹⁵

7. With respect to rate design, Piedmont states that IR Recovery would “be allocated to [Piedmont’s] customer classes based upon the revenue

¹⁰ Petition, page 7, paragraph 13.

¹¹ Petition, page 6, paragraph 10.

¹² See Petition pages 3-4, paragraph 6 (citing the Energy Independence Act of 2013, which recognized, inter alia, the advantages of natural gas as an alternative fuel).

¹³ See Petition page 4, paragraph 7 (citing an Annual Energy Outlook 2014, in which the U.S. Energy Information Agency projected that natural gas use by heavy-duty vehicles, trains, and ships will show the largest growth of any transportation fuel until 2040, as well as provided the emissions and safety benefits of natural gas fuel).

¹⁴ See Petition, page 4, paragraph 8 (citing a Memorandum of Understanding, signed by Governor Haslam and including the signatures of fifteen other States, in which the participating States described a coordinated effort to attract automobile manufacturers to develop natural gas fleets, recognized the benefits of domestic energy sources in fueling national transportation needs, and recognized the need for the development and expansion of CNG fueling infrastructure).

¹⁵ See Petition, pages 5-6, paragraphs 8-10.

allocations in Piedmont's last general rate proceeding. The increment within each customer group [would] be applied to the customer's volumetric usage rates relying on annual determinants established in the most recent rate proceeding."¹⁶

8. As to the timing of consideration by the Authority and the effectiveness of Piedmont's requests, Piedmont notes that the Authority is required to act on any request for alternative regulation, such as the Petition's requests, within 120 days of the public utility's filing with the Authority,¹⁷ and requests an effective date for the Service Schedule (as set out as Exhibit A to the Petition) of October 1, 2014, consistent with TRA Rule 1220-4-1-.04.¹⁸

9. In this matter, the Consumer Advocate seeks to represent the interests of consumers served by Piedmont. The interests of consumers, including without limitation the proposed increase in rates which would result from the implementation of the IR mechanism to be paid by the Utility's consumers and the potential annual increases in rates thereafter, may be affected by determinations and orders made by the Authority with respect to (i) the interpretation, application, and implementation of Tenn. Code Ann. § 65-5-103(d) and other relevant statutory and regulatory provisions and (ii) the review and analysis of the proposed IR mechanism and other documentation, financial spreadsheets, and materials provided by the Utility.

¹⁶ Petition, page 7, paragraph 14.

¹⁷ See Petition, pages 2-3, paragraph 3 (citing Tenn. Code Ann. § 65-5-103(d)).

¹⁸ See Petition, page 8, paragraph 16.

10. Only by participating in this proceeding can the Consumer Advocate work adequately to protect the interests of consumers.

WHEREFORE, Petitioner respectfully asks the Authority to grant this Petition to Intervene.

RESPECTFULLY SUBMITTED,



ROBERT E. COOPER, JR. (BPR #010934)
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Dated: Sept 18, 2014.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 18th day of Sept, 2014.



Wayne Irvin