



Waller Lansden Dortch & Davis, LLP  
511 Union Street, Suite 2700  
P.O. Box 198966  
Nashville, TN 37219-8966

615.244.6380 main  
615.244.6804 fax  
wallerlaw.com

Paul S. Davidson  
615.850.8942 direct  
paul.davidson@wallerlaw.com

July 2, 2020

**Via Email and U.S. Mail**

Executive Director Earl Taylor  
c/o Ectory Lawless  
Tennessee Public Utility Commission  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

**Re: Piedmont Natural Gas Company, Inc. Petition for an Adjustment of Rates, Charges, and Tariffs Applicable to Service in Tennessee; Docket No.: 20- 00086**

Dear Mr. Taylor:

Enclosed please find for filing the original and four copies of the following documents:

1. Petition;
2. Direct testimony and exhibits of:
  - a. Sasha Weintraub
  - b. John Sullivan
  - c. Brian Weisker
  - d. Pia Powers
  - e. Kally Couzens
  - f. Quynh Bowman
  - g. Dylan D'Ascendis
  - h. Dane Watson
  - i. Paul Normand (Cash Working Capital)
  - j. Paul Normand (Cost of Service)
3. Redline of Revised Tariff included as Exhibit\_(PKP-2) to the testimony of Pia K. Powers;
4. Minimum Filing Guidelines (some of which are being filed under seal); and
5. Proposed Procedural Schedule.

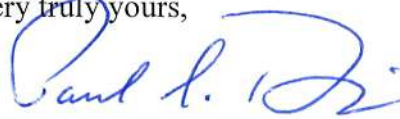
This material is also being filed today by way of email to the Tennessee Public Utility Commission docket manager, Ectory Lawless. Please file the original and provide a "filed" stamped copy of the same via our office courier.

A courtesy copy of this filing is being provided to the Consumer Advocate and Protection Division of the Office of the Attorney General and Reporter. Please be advised that Piedmont has

reached out to the Consumer Advocate's representatives and is working collaboratively with them on a proposed Protective Order for this proceeding which we hope to file with the Commission shortly.

Please do not hesitate to call me if you have any questions.

Very truly yours,



Paul S. Davidson

PSD:cdg  
Enclosures

cc: David Foster  
Michelle Mairs  
Vance Broemel  
Daniel Whitaker  
Bruce Barkley  
Pia Powers  
James Jeffries  
Melinda McGrath

**Before the  
Tennessee Public Utility Commission**

**Docket No. 20- 00086**

**General Rate Case**

**Direct Testimony of Sasha Weintraub**

**On Behalf Of**

**Piedmont Natural Gas Company, Inc.**

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

2 A. My name is Sasha Weintraub. My business address is 4720 Piedmont  
3 Row Drive, Charlotte, North Carolina.

4 **Q. By whom and in what capacity are you employed?**

5 A. I am Senior Vice President of the Natural Gas Business Unit at Duke  
6 Energy Corporation (“Duke Energy”). In that role, I am responsible for all  
7 utility operations and business activities of Piedmont Natural Gas  
8 Company, Inc. (“Piedmont” or the “Company”).

9 **Q. Please describe your educational and professional background.**

10 A. I received a Bachelor’s degree in Mechanical Engineering from  
11 Rensselaer Polytechnic Institute, a Master’s degree in Mechanical  
12 Engineering from Columbia University and a PhD in Industrial  
13 Engineering from North Carolina State University. In 2012, I joined Duke  
14 Energy as Vice President of Fuels and Systems Optimization. In 2014, I  
15 became Senior Vice President of Customer Solutions. In November 2018,  
16 I assumed the role of Senior Vice President and Chief Commercial Officer  
17 of the Natural Gas Business Unit and I began my current role leading the  
18 Natural Gas Business Unit in October 2019.

19 **Q. Have you previously testified before the Tennessee Public Utility  
20 Commission (“Commission”) or any other regulatory authority?**

21 A. I have not previously testified before the Commission, but I have testified  
22 on behalf of other Duke Energy utility affiliates in other jurisdictions,  
23 including proceedings before the North Carolina Utilities Commission.

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

2 A. My testimony supports the Petition filed by Piedmont on July 2, 2020,  
3 seeking the establishment of a general rate proceeding in this docket. In  
4 this testimony, I will provide a brief description of Piedmont and its  
5 business, summarize our request for rate relief and the reasons behind such  
6 request, and provide an overview of the other significant aspects of our  
7 business and filing.

8 **Q. Please describe Piedmont and its business.**

9 A. Piedmont is a wholly-owned subsidiary of Duke Energy with its  
10 headquarters located at 4720 Piedmont Row Drive, Charlotte, North  
11 Carolina. The Company is principally engaged in the natural gas  
12 distribution business and we are presently serving approximately 1.1  
13 million customers in three states, including approximately 191,000 in  
14 Tennessee, 765,000 in North Carolina, and 152,000 in South Carolina.  
15 We are fortunate to serve a growing service territory in Tennessee and  
16 anticipate a customer growth rate of 1.6% during the Attrition Period and  
17 continued annual customer growth in this State thereafter of  
18 approximately 1.7%.

19 **Q. Please describe Piedmont's gas distribution business in Tennessee.**

20 A. Piedmont serves customers in a number of cities, towns, and communities  
21 in the greater Nashville metropolitan area of Davidson County and  
22 portions of the adjoining counties of Cheatham, Dickson, Robertson,  
23 Rutherford, Sumner, Trousdale, Williamson, and Wilson.

1 **Q. What are Piedmont's most important business goals?**

2 A. We continuously strive to provide safe and reliable natural gas service to  
3 our customers at reasonable rates coupled with excellent customer service.  
4 Customer, public, and employee safety are absolutely critical to  
5 everything we do. We also want our firm customers to feel certain that we  
6 will be ready to serve them on the coldest winter day. Finally, we want  
7 our customers to experience great customer service with each and every  
8 interaction.

9 **Q. Does Piedmont receive feedback on its customer service?**

10 A. Yes. We are rated on our provision of customer service in several ways,  
11 including ratings from J.D. Power and Cogent Reports.

12 **Q. What can you report about Piedmont's customer service scores?**

13 A. Piedmont has continued to receive customer satisfaction and trusted brand  
14 scores from J.D. Power and Cogent Reports that exceed top quartile and  
15 top decile, respectively. In fact, much of the feedback received from  
16 customer surveys during 2020 reflects a positive trend as a result of our  
17 continuing focus on placing the customer at the center of all we do.

18 **Q. What is Piedmont seeking in this proceeding?**

19 A. In this proceeding, Piedmont seeks Commission authorization to: (1)  
20 update and increase our rates and charges to account for changes in rate  
21 base, operating expenses, and capital structure that have occurred since  
22 our last general rate case proceeding which was filed in 2011 (including  
23 the roll-in of prior capital investments under our Integrity Management

1 Rider (“IMR”) mechanism); (2) implement revisions to our service  
2 regulations and tariffs; (3) implement new depreciation rates to amortize  
3 the costs of Tennessee assets, net of salvage value, over the estimated  
4 useful life of the assets; and (4) amortize and collect certain deferred  
5 environmental and pension expenses that have accrued since Piedmont’s  
6 last general rate case.

7 **Q. What is the scope of the rate changes you are requesting in this rate**  
8 **case?**

9 A. The Petition filed by the Company proposes rate changes that would  
10 produce an overall increase in annual revenues of approximately \$29.9  
11 million compared to the revenues the Company projects it would  
12 otherwise experience in the Attrition Period ending December 31, 2021.  
13 This increase in annual revenues is necessary to cover the costs, including  
14 a reasonable return on investment, of providing safe, adequate and reliable  
15 natural gas service to the Company’s customers in Tennessee. As  
16 explained later in my testimony, the increase in residential annual bills  
17 under rates implemented in our last general rate case compared to that  
18 proposed in this proceeding is approximately 10%, or 1.1% per year.<sup>1</sup>  
19 This is less than the rate of US inflation during this period.

20 **Q. Why it is necessary to file this rate case?**

21 A. This filing is prompted by an insufficient return of on common equity of  
22 5.48% that is projected for the Attrition Period, driven by several factors.

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<sup>1</sup> An average of the United States inflation rates (change in CPI) for the period 2011 through 2019, as reported by the U.S. Bureau of Labor Statistics, was 1.8 percent.

1 First, since our last general rate case was filed in 2011, Piedmont has  
2 made substantial capital investments in our system in order to (1) maintain  
3 and expand our gas distribution system for the benefit of our customers in  
4 order to accommodate system growth and service reliability, and (2)  
5 comply with ongoing federal pipeline safety and integrity requirements.  
6 The total amount of invested capital in system reliability and growth since  
7 our last rate case is approximately \$300 million. The total amount of  
8 invested capital in federal pipeline safety since our last rate case is also  
9 approximately \$300 million. The Company's past and planned capital  
10 expenditures are further discussed and presented in the direct testimony  
11 and exhibits of Piedmont witness Brian Weisker. This rate case will allow  
12 the Company to roll these amounts into its base rates in order to facilitate  
13 Piedmont's ability to earn a reasonable return on these investments.

14 During the same period, the Company has also experienced  
15 increases in the Company's operating costs which have not been passed  
16 along to customers in our rates and these increased costs have also  
17 lowered our earned return on common equity.

18 **Q. Can you discuss the specific factors that have prompted Piedmont's**  
19 **rate case filing?**

20 **A.** Yes. The approximately \$300 million of integrity-related capital  
21 investment referenced above, which constitutes roughly half of all capital  
22 invested by the Company in Tennessee since our last general rate case,  
23 would have caused us to file frequent rate cases in order to roll that



1 investment (and all other capital investment of the Company) into base  
2 rates in the absence of the IMR mechanism. Instead, Piedmont has been  
3 able to avoid a general rate case filing in Tennessee for almost nine years,  
4 notwithstanding these significant capital investments. Given that rate  
5 cases generally result in both higher base rates for customers and rate case  
6 specific expenses totaling approximately \$1 million, the lack of general  
7 rate case filings in the last nine years has been a clear benefit to our  
8 customers.

9 Second, Piedmont has also experienced increased costs to operate  
10 and maintain its facilities since its last general rate case and its revised  
11 proposed rates effectively refresh its ability to recover the costs of  
12 providing gas service.

13 Third, Piedmont is proposing revisions to its Rate Schedules and  
14 Service Regulations designed to clarify processes and procedures under  
15 Piedmont's tariffs and to update those tariffs and service schedules to be  
16 more consistent with the manner in which Piedmont provides service to its  
17 customers. These revisions are described in the testimony Piedmont  
18 witness Pia Powers.

19 Fourth, Piedmont is proposing to implement new depreciation rates  
20 based on a more current depreciation study of its Tennessee assets filed in  
21 this docket. This new depreciation study will permit us to more properly  
22 align the Company's recovery of its invested capital with the useful life of

1 its underlying plant. Piedmont's new proposed depreciation rates are set  
2 forth in the testimony of Piedmont witness Dane Watson.

3 Fifth, Piedmont is proposing to amortize and provide for the  
4 recovery of certain environmental and pension related expenses that have  
5 been deferred since the Company's last rate case pursuant to prior  
6 Commission Orders. These costs and Piedmont's proposed amortizations  
7 are described in the testimony of Piedmont witness Quynh Bowman.

8 **Q. Please identify all witnesses that will offer testimony on behalf of**  
9 **Piedmont in this proceeding.**

10 A. Jack Sullivan will testify on Piedmont's pro forma capital structure, cost  
11 of capital, and benefits to customers resulting from Piedmont's ongoing  
12 financial stability and strong credit ratings. Brian Weisker will testify as  
13 to the requirements of federal pipeline safety and integrity regulations and  
14 the incurred and projected costs of compliance with those regulations,  
15 along with major system enhancements needed to provide reliable service  
16 to Piedmont's growing customer base. Pia Powers will testify regarding  
17 our revenue request and customer impact, proposed tariff changes and  
18 Piedmont's ongoing evaluation of a future request for the establishment of  
19 an Annual Review Mechanism ("ARM") in lieu of the IMR mechanism.  
20 Quynh Bowman will testify in support of Piedmont's cost of service and  
21 rate base, revenue requirement deficiency, MFR compliance,  
22 amortizations of deferred assets, and the impact of new depreciation rates.  
23 Kally Couzens will testify regarding Piedmont's pro forma revenue

1 calculations, rate design and proposed rates. In addition to these Company  
2 witnesses, we have also filed direct testimony of outside experts, as  
3 follows: Dylan D'Ascendis on cost of capital and return on equity; Paul  
4 Normand on class cost of service, rate design, and cash working capital  
5 requirements; and Dane Watson on depreciation.

6 **Q. Can you please provide a little more context to Piedmont's rate case**  
7 **filing in this docket?**

8 A. Yes. Probably the most significant factor about our rate filing is that it  
9 occurs in the context of two of the most significant changes in the natural  
10 gas industry in the last several decades. These changes are the maturing  
11 development of market access to plentiful new sources of shale gas (and  
12 the developing capacity to deliver those supplies to end-use markets) and  
13 the dramatically increased federal regulation around pipeline safety and  
14 integrity that is requiring unprecedented capital investment in existing  
15 natural gas infrastructure. A third factor, the recovery from economic  
16 damage inflicted by the COVID-19 pandemic is also a factor at play in  
17 this case. The first factor is generally allowing us to maintain low natural  
18 gas rates for our customers in the face of the substantial and ongoing  
19 capital investment required by the second factor, and the negative  
20 economic implications of the third factor.

21 In our 2011 rate case, based upon the approved settlement adopted  
22 by the Tennessee Regulatory Authority, the Commission's predecessor,  
23 our projected annual delivered cost of natural gas to our residential

1 customers was approximately \$684. In this case, if granted in whole, that  
2 same customer would pay approximately \$753 for service during the  
3 Attrition Period. That average bill compared to the amount resulting from  
4 our prior general rate case is an increase of approximately 10% over a  
5 nine-year period. As stated, the impacts of the rate case are further  
6 discussed by Piedmont witness Powers. Notably, during this period the  
7 Company's utility plant in service grew by approximately 116% as shown  
8 in Table 1 of Piedmont Witness Bowman's direct testimony due to  
9 substantial investments in the safety, reliability, and integrity of our  
10 growing system. In short, the continuing benefits of shale natural gas  
11 production have allowed Piedmont to comply with federal integrity  
12 management requirements and otherwise grow its system while preserving  
13 the essential affordability of natural gas service for our customers which  
14 will be a benefit to customers coming out of the current pandemic.

15 **Q. Can you please provide an update on the status of Piedmont's merger**  
16 **with Duke Energy?**

17 **A.** The merger was completed in the fall of 2016. Piedmont's culture and its  
18 focus on safety, reliability, and great customer service match very well  
19 with that of its parent, Duke Energy. I believe Piedmont's customers have  
20 benefitted from the scope and scale of Duke Energy and from the sharing  
21 of best practices. The benefits include:

- 22 • Lower rate of increase in operations and maintenance expense.

23 Since Piedmont's final year of independent operation in 2015,

operating and maintenance expenses have grown by less than 1% annually, significantly lower than the approximate 2% annual inflation rate over that period.

- Adoption of Operational Excellence principles that have generated industry leading safety and efficiency results for Duke Energy's electric operations. Piedmont has experienced no significant events impacting reliability or system safety subsequent to the merger.
- Improvements in employee safety as a result of the constant focus placed in this area by Duke.
- Receipts of corporate services from Duke Energy Business Services in place of standalone departments including Human Resources, Information Technology, Treasury, Legal, and Building and Land Services.

In summary, Piedmont has become more efficient, yet retained areas critical to safety, reliability and customer services and has continued to excel in these areas.

**Q. How has Piedmont considered the ongoing COVID-19 pandemic in the preparation of this general rate case filing?**

A. We made no adjustments to Attrition Period costs related to the pandemic. Piedmont's rate base and operating income for the Attrition Period ending December 31, 2021 are supported by Piedmont Witness Bowman as previously mentioned. Generally, Piedmont is currently unable to forecast

1 with accuracy the impact of the pandemic on its financial results or  
2 operating procedures in 2021. We are aware that national and local  
3 economies have struggled during the pandemic but believe they will begin  
4 to rebound prior to the beginning of our Attrition Period on January 1,  
5 2021. Piedmont has and will continue to work with customers  
6 experiencing financial hardships by offering flexible payment  
7 arrangements and directing them to sources of financial aid.

8 **Q. Has Piedmont taken any actions to help its customers in Tennessee**  
9 **during 2020 as a result of the tornadoes that struck the area and**  
10 **COVID-19?**

11 A. Yes, we have. In the aftermath of the devastating tornadoes in early  
12 March 2020, Piedmont was granted permission by this Commission to bill  
13 net amounts to customers rather than gross amounts for two billing cycles,  
14 effectively waiving late payment fees. At that time, we decided to cease  
15 disconnections of service to customers in Tennessee.

16 In response to the pandemic, Piedmont informed the Commission  
17 that it would continue to voluntarily cease service disconnections and  
18 requested Commission authority to waive late payment fees, returned  
19 check charges and reconnection fees through the duration of Tennessee's  
20 public health emergency. We will closely monitor and adhere to all  
21 directives issued by the Commission in the docket it opened to address  
22 customer matters associated with the pandemic (Docket Number 20-  
23 00047).

1                   Finally, Piedmont and the Duke Energy Foundation have  
2 supported local charities in Tennessee with additional support during these  
3 unprecedented times.

4 **Q. Do you have anything else to add?**

5 A. Yes. I would like to state that Piedmont is very excited about the  
6 opportunities to continue to provide safe, clean, reliable and economic  
7 natural gas service to our customers in Tennessee.

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

9 A. Yes.