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March 1, 2022

Electronically filed in TPUC Docket
Room on March 1, 2022 at 10:56 a.m.

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: Docket No. 20-00086

Dear Mr. Taylor:

On May 6, 2021, the Tennessee Public Utility Commission ("Commission") approved the *Stipulation and Settlement Agreement* ("*Settlement Agreement*") between Piedmont Natural Gas Company, Inc. ("Piedmont" or the "Company") and the Tennessee Attorney General and Reporter, through the Consumer Advocate Unit of the Financial Division, filed on February 3, 2021, in the above captioned docket. Pursuant to Paragraph 17.f. of the *Settlement Agreement*, Piedmont hereby submits the enclosed filing containing the Company's proposal for a three-year rate case expense rider mechanism and the invoices supporting the rate case expenses.

This material is also being filed today by way of email to the Commission docket manager, Ectory Lawless. Please file the original and provide a "filed" stamped copy of the same via my assistant's email, at denise.guye@wallerlaw.com.

Very truly yours,

Paul S. Davidson
Enclosures

cc: Consumer Advocate
Bruce Barkley
Pia Powers
James H. Jeffries IV

**Before the
Tennessee Public Utility Commission**

Docket No. 20-00086

**Piedmont Natural Gas Company, Inc. Petition for an
Adjustment of Rates, Charges, and Tariffs Applicable to
Service in Tennessee**

**Supplemental Testimony of
Quynh P. Bowman**

**On Behalf of
Piedmont Natural Gas Company, Inc.**



March 1, 2022

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

2 A. My name is Quynh Pham Bowman. 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 the Director – Gas Rates & Regulatory Strategy for Piedmont Natural Gas
6 Company, Inc. (“Piedmont” or “the Company”). In this capacity, I am
7 responsible for a variety of matters including supporting the development and
8 execution of rate requests and financial report filings by Piedmont.

9 **Q. Have you previously testified in this proceeding?**

10 A. Yes. I filed Direct Testimony on July 2, 2020, and I filed Rebuttal Testimony
11 on December 16, 2020.

12 **Q. What is the purpose of your Supplemental Testimony?**

13 A. The purpose of my Supplemental Testimony is to provide support for
14 Piedmont’s actual rate case expenses from its general rate case and provide the
15 calculation the rate case rider rates in accordance with Paragraph 17.f. of the
16 Stipulation and Settlement Agreement filed in Docket No. 20-00086 on
17 February 2, 2021 (“Settlement Agreement”).

18 **Q. Do you have any exhibits supporting your testimony?**

19 A. Yes. The following exhibits are included with my testimony:

- 20 • Exhibit_(QPB-1) Computation of Rate Case Expense Rider Rates
- 21 • Exhibit_(QPB-2) Summary of Rate Case Expenses Incurred
- 22 • Exhibit_(QPB-3) CONFIDENTIAL Rate Case Expense Invoices
- 23 • Exhibit_(QPB-4) Proposed Tariff Rates

1 **Q. Were these exhibits prepared by you or under your supervision?**

2 A. Yes.

3 **Q. Why is Piedmont requesting this rate change?**

4 A. Piedmont is requesting this rate change in accordance with Paragraph 17.f. of
5 the Settlement Agreement. The approved Settlement Agreement states that no
6 externally incurred costs related to the preparation and litigation of this rate
7 case proceeding shall be included in Piedmont's base rates. Instead, actual rate
8 case expenses shall be collected through a separate rider mechanism, and the
9 rates of such rider mechanism shall be approved by the Commission upon the
10 filing of invoices supporting such expense and the audit and approval thereof.

11 **Q. How much was the actual rate case expense?**

12 A. As shown in Exhibit_(QPB-2), actual rate case expenses incurred were
13 \$655,386. Invoices supporting the rate case expenses are included in
14 CONFIDENTIAL Exhibit_(QPB-3). Rate case expenses are comprised of
15 outside legal fees for supporting the rate case and external professional fees for
16 consulting and testifying experts in the conduct of the depreciation study, cost
17 of service study, rate design, lead-lag study, and cost of equity. The cost of the
18 newspaper notice is also included in this amount. After gross-up, the revenue
19 requirement associated with the \$655,386 of actual rate case expenses is
20 \$660,575.

21

1 **Q. Do the proposed rates comply with the Settlement Agreement?**

2 A. Yes, the proposed rates comply with the Settlement Agreement in all facets.
3 Specifically, the rate case expenses do not exceed the \$900,000 threshold and
4 will be amortized over a three-year period. Piedmont has reviewed the rate
5 case invoices and determined the expenses are appropriately included in the
6 rate case rider. In addition, the components of the gross-up factor used herein
7 are adopted from the Settlement Agreement (Settlement Agreement
8 Attachment B, Schedule 14), and the factors for annual revenues and billing
9 determinants by customer class are also adopted from the Settlement
10 Agreement (Settlement Agreement Attachment D, Schedule 1).

11 **Q. Does the Company have a recommendation for how to address any**
12 **amounts over or under-collected pursuant to this rider?**

13 A. It is the Company's intent to collect and recover only the total amount shown
14 on Exhibit_(QPB-1) Line 13. At the earlier of the three-year rider period or
15 when the amount has been fully refunded, Piedmont requests that the rider be
16 terminated and adjusted to zero. Any amount that is over-collected or under-
17 collected will be refunded to or collected from customers by transferring such
18 balance to Piedmont's Actual Cost Adjustment account.

19 **Q. When do you propose the effective date of the proposed rider rates?**

20 A. The Company is requesting approval of the proposed rate case rider rates
21 shown in Exhibit_(QPB-4) Column 9 effective April 1, 2022, or the first of the

1 month following the completion of the Commission's review of materials
2 herein.

3 **Q. Does this conclude your Supplemental Testimony?**

4 A. Yes, it does.

Exhibit_(QPB-1)

Computation of Rate Case Expense Rider Rates

Line No.	Reference	Residential (301)	Small/Medium General (302,352)	Large General - Firm (303,313,310)	Large General - Interruptible (304,314)	Total
1	Customer Class Apportionment Percentages [See table below]	59.39%	31.62%	5.09%	3.90%	100.00%
2	Annual Rate Case Expenses for Recovery [Line 1 * Line 15]	\$ 130,767	\$ 69,626	\$ 11,218	\$ 8,581	\$ 220,192
3	Annualized Throughput from Relevant Rate Case Order (Dts) [See table below]	12,932,568	8,182,867	2,903,400	9,472,816	33,491,651
4	Rider Rate per Dekatherm [Line 2 / Line 3]	\$0.01010	\$0.00850	\$0.00390	\$0.00090	
5	Proposed Rate Case Expense Rider per therm [Line 4 / 10]	\$0.00101	\$0.00085	\$0.00039	\$0.00009	

Customer Class Apportionment Percentages				
From Stipulation and Settlement Agreement, Settlement Attachment D, Schedule 1				
<u>Margin Revenues, Excluding Special Contract Service¹</u>				
		Annual Revenue	Annual Throughput	
		<u>Revenue Total</u>	<u>Allocation %</u>	<u>(Dts)</u>
6	Residential Service (301)	\$ 98,806,670	59.39%	12,932,568
7	Small & Medium General Service (302, 352)	52,608,810	31.62%	8,182,867
8	Large General Firm Service (303, 313, 310)	8,475,977	5.09%	2,903,400
9	Large General Interruptible Service (304, 314)	6,483,626	3.90%	9,472,816
10	Total	\$ 166,375,084	100.00%	33,491,651

¹ Piedmont had one special contract, which was terminated on October 27, 2021. Piedmont filed notice of this termination in Docket No. 10-00015 on September 28, 2020. The customer served under this special contract was transferred to a tariff rate upon termination of the special contract. Accordingly, Piedmont has not allocated any recovery of the Rate Case Expenses to the Special Contract class.

Annual Rate Case Expenses for Recovery			
11	Actual Rate Case Expenses	\$	655,386
12	Gross Up Factor [Line 20]		1.0079181
13	Total Target Amount to be Recovered through Rider [Line 11 * Line 12]	\$	660,575
14	Amortization Period, in years Settlement Para 17.f		3
15	Total Annual Amount [Line 13 / Line 14]	\$	220,192

Gross Up Factor			
From Stipulation and Settlement Agreement, Settlement Attachment B, Schedule 14			
		<u>Factor</u>	<u>Balance</u>
16	<u>Operating Revenue</u>		1.000000
17	Add: Forfeited Discounts 0.009928		0.009928
18	Balance		1.009927677
19	Uncollectibles Ratio 0.001990		0.002009551
20	Gross Up Factor [Line 18 - Line 19]		1.007918126

Exhibit_(QPB-2)

Piedmont Natural Gas Company, Inc.
TN Rate Case Expense Rider
Docket No. 20-00086

Exhibit_(QPB-2)

Summary of Rate Case Expenses Incurred

<u>Line No.</u>		<u>Amount</u>
1	Outside Legal Expenses	\$ 410,746
2	Professional Fees (Depreciation Study, Cost of Service Study, Rate Design, Lead Lag Study, and Cost of Equity)	\$ 241,293
3	Newspaper Notification	\$ 3,347
4	Total Rate Case Expenses	<u><u>\$ 655,386</u></u>

Exhibit_(QPB-4)

PIEDMONT NATURAL GAS COMPANY, INC.
Tennessee Service Territory
Billing Rates Effective¹: April 1, 2022

Rate Schedule	Description	Tariff Base Rate Docket No. 20-00086 <1>	Temporary Decrements Approved in Docket No.18-00040									Total Adj. Factor (Sum Col.2 thru Col.9)	Billing Rate ² (Col.1+Col.10)
			-----Cumulative PGA-----		-----Current ACA-----		Current IPA	Current IM Adjustment	Deferred Base	Unprotected	Rate Case Rider		
			Demand	Commodity	Demand	Commodity			Revenue	Excess ADIT			
									Refund	Refund			
			<2>	<3>	<4a>	<4b>	<5>	<6>	<7>	<8>	<9>	<10>	<11>
Residential 301 301	Monthly Charge-Nov.-Mar.	\$17.45											\$17.45
	Monthly Charge-Apr.-Oct.	\$13.45											\$13.45
	Nov.- Mar. per TH	0.53886	0.07577	0.38432	0.00310	0.06736	0.00748	0.00000	(0.01958)	(0.04211)	0.00101	0.47735	1.01621
	Apr.- Oct. per TH	0.44598	0.07577	0.38432	0.00310	0.06736	0.00748	0.00000	(0.01958)	(0.04211)	0.00101	0.47735	0.92333
Small General 302 302	Monthly Charge	\$44.00											\$44.00
	Nov.- Mar. per TH	0.55659	0.07577	0.38432	0.00310	0.06736	0.00748	0.00000	(0.01710)	(0.03678)	0.00085	0.48500	1.04159
	Apr.- Oct. per TH	0.46492	0.07577	0.38432	0.00310	0.06736	0.00748	0.00000	(0.01710)	(0.03678)	0.00085	0.48500	0.94992
Medium General 352 352	Monthly Charge	\$225.00											\$225.00
	Nov.- Mar. per TH	0.48645	0.07577	0.38432	0.00310	0.06736	0.00748	0.00000	(0.01710)	(0.03678)	0.00085	0.48500	0.97145
	Apr.- Oct. per TH	0.40633	0.07577	0.38432	0.00310	0.06736	0.00748	0.00000	(0.01710)	(0.03678)	0.00085	0.48500	0.89133
Motor Vehicle Fuel 343 343	Monthly Charge Nov.- Mar. per TH Apr.- Oct. per TH	varies by customer per their corresponding rate schedule varies by customer per their corresponding rate schedule varies by customer per their corresponding rate schedule											
303 Firm General Sales	Monthly Charge	\$800.00											\$800.00
	Demand Charge per TH	0.80000	0.82829		0.03334							0.86163	1.66163
	First 15,000 TH/TH	0.18700		0.38432		0.06736	0.00748	0.00000	(0.00319)	(0.00685)	0.00039	0.44951	0.63651
	Next 25,000 TH/TH	0.16800		0.38432		0.06736	0.00748	0.00000	(0.00319)	(0.00685)	0.00039	0.44951	0.61751
	Next 50,000 TH/TH	0.14000		0.38432		0.06736	0.00748	0.00000	(0.00319)	(0.00685)	0.00039	0.44951	0.58951
	Over 90,000 TH/TH	0.08000		0.38432		0.06736	0.00748	0.00000	(0.00319)	(0.00685)	0.00039	0.44951	0.52951
304 Interruptible General Sales	Monthly Charge	\$800.00											\$800.00
	First 15,000 TH/TH	0.13500		0.38432		0.06736	0.00748	0.00000	(0.00319)	(0.00685)	0.00009	0.44921	0.58421
	Next 25,000 TH/TH	0.11050		0.38432		0.06736	0.00748	0.00000	(0.00319)	(0.00685)	0.00009	0.44921	0.55971
	Next 50,000 TH/TH	0.09100		0.38432		0.06736	0.00748	0.00000	(0.00319)	(0.00685)	0.00009	0.44921	0.54021
	Over 90,000 TH/TH	0.04035		0.38432		0.06736	0.00748	0.00000	(0.00319)	(0.00685)	0.00009	0.44921	0.48956
313 Firm Transportation	Monthly Charge	\$800.00											\$800.00
	Demand Charge per TH	0.80000	0.82829		0.03334							0.86163	1.66163
	First 15,000 TH/TH	0.18700						0.00000	(0.00319)	(0.00685)	0.00039	(0.00965)	0.17735
	Next 25,000 TH/TH	0.16800						0.00000	(0.00319)	(0.00685)	0.00039	(0.00965)	0.15835
	Next 50,000 TH/TH	0.14000						0.00000	(0.00319)	(0.00685)	0.00039	(0.00965)	0.13035
	Over 90,000 TH/TH	0.08000						0.00000	(0.00319)	(0.00685)	0.00039	(0.00965)	0.07035
314 Interruptible Transportation	Monthly Charge	\$800.00											\$800.00
	First 15,000 TH/TH	0.13500						0.00000	(0.00319)	(0.00685)	0.00009	(0.00995)	0.12505
	Next 25,000 TH/TH	0.11050						0.00000	(0.00319)	(0.00685)	0.00009	(0.00995)	0.10055
	Next 50,000 TH/TH	0.09100						0.00000	(0.00319)	(0.00685)	0.00009	(0.00995)	0.08105
	Over 90,000 TH/TH	0.04035						0.00000	(0.00319)	(0.00685)	0.00009	(0.00995)	0.03040
310 Resale Service	Demand Charge per TH	0.80000	0.82829		0.03334							0.86163	1.66163
	Commodity Charge	0.49063		0.38432		0.06736	0.00748	0.00000	(0.00970)	(0.02086)	0.00039	0.42899	0.91962

NOTES:

1/ Rates effective for bills rendered on and after the first billing cycle of April 2022.

2/ In accordance with the Tennessee Public Service Commission order in Docket U-7074 customers metered inside Davidson County are required to pay an additional 6.49% for collection of the Metro Franchise Fee. Customers served by the Ashland City, Fairview, Franklin, Greenbrier, Hartsville, Mt. Juliet and White House systems are required to pay 5.0%. Customers served by the Nolensville system are required to pay 3%.