

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

May 12, 2022

IN RE:

**PETITION OF PIEDMONT NATURAL GAS
COMPANY, INC. FOR APPROVAL OF AN
ADJUSTMENT OF RATES, CHARGES, AND
TARIFFS APPLICABLE TO SERVICE IN
TENNESSEE**

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**DOCKET NO.
20-00086**

**ORDER APPROVING PIEDMONT’S MOTION FOR APPROVAL OF
RATE CASE EXPENSE RIDER RATES**

This matter came before Chairman Kenneth C. Hill, Commissioner Robin L. Morrison, Commissioner Clay R. Good, Commissioner John Hie, and Commissioner David F. Jones of the Tennessee Public Utility Commission (the “Commission” or “TPUC”), the voting panel assigned to this docket, during a regularly scheduled Commission Conference held on March 21, 2022, to consider the *Motion for Approval of Rate Case Expense Rider Rates* (“*Motion*”), filed on March 1, 2022, by Piedmont Natural Gas Company, Inc. (“Piedmont” or “Company”).¹

PROCEDURAL BACKGROUND

Piedmont is a subsidiary of Duke Energy Corporation and is incorporated under the laws of Tennessee. Piedmont is a public utility under the jurisdiction of the Commission and is in the business of transporting, distributing, and selling natural gas to approximately 191,000 residential,

¹ All references herein to the *Motion for Approval of Rate Case Expense Rider Rates* refer to the “Corrected” *Motion for Approval of Rate Case Expense Rider Rates* filed on March 1, 2022.

commercial, and industrial customers in the State of Tennessee.² On July 2, 2020, Piedmont filed the *Piedmont Natural Gas Company Inc. Petition for an Adjustment of Rates, Charges, and Tariffs Applicable to Service in Tennessee* (“*Petition*”) seeking an increase in rates; revisions to rate and service schedules, service regulations, and depreciation rates; and amortization of certain deferred regulatory assets.

The *Petition* sought to increase base service rates, inclusive of certain Integrity Management Rider (“IMR”) charges, by \$29.9 million annually.³ On February 3, 2021, the *Stipulation and Settlement Agreement* (“*Settlement Agreement*”) was filed by Piedmont and the Tennessee Attorney General and Reporter, through the Consumer Advocate Unit of the Financial Division (“Consumer Advocate”) (collectively, the “Parties”) to resolve the Company’s rate petition in this docket. The *Settlement Agreement* proposed an increase in service rates of \$16.25 million. The settlement was ultimately approved by the Commission on February 16, 2021.⁴

As further provided in the *Settlement Agreement* approved by the Commission, the Company may recover rate case expenses associated with this docket as follows:

Rate Case expense shall be limited to no more than \$900,000 in actual rate case costs and shall be amortized over a three (3) year period and collected through a separate rider mechanism. The rates of such rider mechanism shall be approved by the Commission upon the filing of invoices supporting such expense and the audit and approval thereof. At the conclusion of the three-year rider period, any amount that is over collected or under collected under this rider shall be refunded to or collected from customers by transferring such overcollection or under collection to Piedmont’s Actual Cost Adjustment account.⁵

² *Piedmont Natural Gas Company, Inc. Petition for an Adjustment of Rates, Charges, and Tariffs Applicable to Service in Tennessee*, p. 2 (July 2, 2020).

³ *Id.* at 3.

⁴ *Order Approving Settlement Agreement Setting Rates and Approving the Procedures for Refunds to Customers*, pp. 6-9 (May 6, 2021).

⁵ *Id.*, Exhibit A, pp. 8-9 (May 6, 2021).

On March 1, 2022, the Company filed the *Motion* and supplemental pre-filed testimony of Quynh P. Bowman in support of the *Motion*.

THE MOTION

In the *Motion*, Piedmont sought to implement rider rates over the Company's customer classes to recover actual rate case expenses in a procedure contemplated by the *Settlement Agreement* previously approved in this docket. According to the Company, the proposed rider rates were designed to recover \$660,575, amortized over a three-year period.⁶ The Company sought approval of the proposed rate case expense rider rates effective for customer bills rendered after April 1, 2022, or the first three months after the Commission's review. In supplemental testimony, Ms. Bowman testified that the proposed rates comply with all facets of the *Settlement Agreement*, specifically by not exceeding the \$900,000-threshold to be amortized over three years and by including only appropriate expenses in the rate case rider.⁷ Ms. Bowman further testified that all expenses related to the general rate case in this proceeding are comprised solely of outside legal fees, professional fees, and a newspaper notice. Copies of invoices were filed as confidential with Ms. Bowman's supplemental testimony.

According to the Company, the actual rate case expenses incurred were \$655,386. However, after the gross-up, Ms. Bowman testified that the revenue requirement associated with the 655,386 of actual rate case expenses is \$660,575.⁸ The gross-up factor used and the factors for annual revenues billing determinants by customer class were adopted from the *Settlement Agreement*.⁹ Ms. Bowman submitted exhibits reflecting the computation of the Rate Case Expense Rider Rates with supporting workpapers and invoices. Within Exhibit QPB-1, Ms. Bowman

⁶ *Motion for Approval of Rate Case Expense Rider Rates*, p. 2 (March 1, 2022).

⁷ Quynh Pham Bowman, Pre-Filed Supplemental Testimony, p. 3 (March 1, 2022).

⁸ *Id.* at 2.

⁹ *Id.* at 3.

computed the proposed rate case expense rider rate by customer class. The proposed per-therm rate by class is as follows:

- Residential (301): \$0.00101
- Small/Medium General (302,352): \$0.00085
- Large General – Firm (303,313,310): \$0.00039
- Large General – Interruptible (304,314): \$0.00009

No opposition was filed to the *Motion*.

THE HEARING

The hearing on the *Motion* was noticed by the Commission on March 11, 2022 and held during the regularly scheduled Commission Conference on March 21, 2022. Appearances were made by the following:

Piedmont Natural Gas Company, Inc.— Paul S. Davidson, Esq., Waller Lansden Dortch & Davis, 511 Union Street, Suite 2700, Nashville, Tennessee 37219-2498.

Consumer Advocate – Karen Stachowski, Esq. Financial Division of the Consumer Advocate Unit in the Office of the Tennessee Attorney General and Reporter, Post Office Box 20207, Nashville, Tennessee, 37202.

Ms. Quyu Pham Bowman participated as a witness electronically.¹⁰ The *Motion* was presented to the hearing panel and summarized by Ms. Bowman. The Consumer Advocate indicated it had no objection to the *Motion*.¹¹ Members of the public were given an opportunity to offer comments, but no one sought recognition to do so.

FINDINGS & CONCLUSIONS

Based on the administrative record in its entirety and the terms of the *Stipulation and Settlement Agreement* approved previously in this docket, the hearing panel unanimously voted to approve the Company's *Motion for Approval of Rate Case Expense Rider Rates*. The rider rates shall become effective for bills rendered on or after April 1, 2022, and shall terminate thirty-six

¹⁰ *Order Granting Electronic Participation in Hearing on Motion* (March 18, 2022).

¹¹ Commission Conference Transcript, pp. 73-74, (March 21, 2022).

months later. The Company was directed by the hearing panel to file a revised tariff that specifically notes the termination date of the rider.

The hearing panel also directed the Company to file a report within sixty days after the termination date of the rider stating the total amount collected under the tariff. The rider revenues shall be trued-up to collection of actual rate case costs of \$655,386. Disposition of any over-collected or under-collected amount shall be determined in a subsequent rate proceeding.

The hearing panel further voted unanimously that if actual rate case costs are collected prior to the rider termination date, Piedmont may request the rider be terminated and trued-up at an earlier date.

IT IS THEREFORE ORDERED THAT:

1. The *Motion for Approval of Rate Case Expense Rider Rates* filed by Piedmont Natural Gas Company, Inc. on March 1, 2022, is approved.
2. Piedmont Natural Gas Company, Inc. shall file a tariff indicating that the rider rates shall be effective for bills rendered on or after April 1, 2022, and with a termination date of no more than thirty-six months later.
3. Piedmont Natural Gas Company, Inc. shall file a report within sixty days of the termination date for the rider stating the amount collected under the tariff. Revenues collected under the riders shall be trued-up to the collection of actual rate case costs of \$655,386.
4. The disposition of any over-collected or under-collected amount shall be determined in a subsequent rate proceeding for Piedmont Natural Gas Company, Inc.
5. Piedmont Natural Gas Company, Inc. may request termination of the revised tariff if actual rate case costs are fully collected prior to the rider termination date.
6. Any party aggrieved by the Commission's decision in this matter may file a Petition

for Reconsideration with the Commission within fifteen (15) days from the date of this Order.

7. Any party aggrieved by the Commission's decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from the date of this Order.

FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:

**Chairman Kenneth C. Hill
Commissioner Robin L. Morrison
Commissioner Clay R. Good,
Commissioner John Hie, and
Commissioner David F. Jones concurring.**

None dissenting.

ATTEST:



Earl R. Taylor, Executive Director