

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:

**PIEDMONT NATURAL GAS COMPANY,
INC. ACTUAL COST ADJUSTMENT (ACA)
FILING FOR THE PERIOD JULY 1, 2020
THROUGH JUNE 30, 2021**

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Docket No. 21-00101

PETITION TO INTERVENE

The Consumer Advocate Unit in the Financial Division of the Office of the Tennessee Attorney General (“Consumer Advocate”), by and through counsel, pursuant to Tenn. Code Ann. § 65-4-118, respectfully petitions the Tennessee Public Utility Commission (“TPUC” or the “Commission”) to grant the Consumer Advocate’s intervention into this proceeding because consumers’ interests, rights, duties, or privileges may be determined or affected by the *Piedmont Natural Gas Company, Inc. Actual Cost Adjustment (ACA) Filing For The Period July 1, 2020 Through June 30, 2021* (“ACA Filing”) filed by Piedmont Natural Gas Company, Inc. (“Piedmont” or the “Company”) in this Docket. 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 any matter or proceeding before TPUC in accordance with the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101, *et seq.*, and TPUC rules.

2. Piedmont, a subsidiary of Duke Energy Corporation, is a public utility regulated by TPUC and is in the business of transporting, distributing, and selling natural gas to approximately 191,000 residential, commercial, and industrial customers in the State of Tennessee.

3. The Commission provides natural gas distribution companies, like Piedmont, the ability to recover, in timely fashion, the total cost of gas purchased for delivery to its customers

and to assure that the Company does not over-collect or under-collect Gas Costs from its customers.”¹ Under TPUC Purchased Gas Adjustment Rule 1220-04-07 (“PGA Rule”), Piedmont must file an annual report “reflecting the transactions in the Deferred Gas Cost Account.”² Commission Staff have described the PGA process and its effect on customers as follows:³

The PGA consists of three major components:

1. The Actual Cost Adjustment (“ACA”)
2. The Gas Charge Adjustment (“GCA”)
3. The Refund Adjustment (“RA”)

The ACA is the difference between the revenues billed customers by means of the GCA and the cost of gas invoiced the Company by suppliers plus margin loss (if allowed by order of the TPUC in another docket) as reflected in the Deferred Gas Cost account. The ACA then “true-up” the difference between the actual gas costs and the gas costs recovered from customers through a surcharge or a refund. The RA refunds the “true-up” along with other supplier refunds. (Emphasis added).

After a utility files its annual report under the PGA Rule, Commission Staff perform an audit. The subject of the audit is a utility’s compliance with the ACA and RA of the Commission’s PGA Rule.⁴ The objective of the audit is to determine whether the amounts in the PGA, which is encompassed by the ACA, for a specified 12-month period, is calculated correctly and is supported by appropriate source documentation.⁵

4. On August 31, 2021, Piedmont filed its annual *ACA Filing*. In this filing Piedmont requested “that a contested case be convened in this matter solely for the purpose of the entry of a protective order which would protect the proprietary business information of Piedmont contained

¹ TPUC Rule 1220-04-07-.02(1).

² TPUC Rule 1220-04-07-.03(2).

³ *Notice of Filing by the Utilities Division of the Tennessee Public Utility Commission*, Exhibit A, p. 2, TPUC Docket No. 20-00107 (March 19, 2021).

⁴ *Id.* at p. 1.

⁵ *Id.*

in this filing from public disclosure.”⁶ As a result, the Commission issued a Protective Order as requested by Piedmont.⁷

5. During this timeframe, Piedmont provided confidential written responses⁸ to questions set out in the *Consumer Advocate’s Petition to Obtain Information from Piedmont Natural Gas Company, Inc. Pertaining to the Potential Effects of the Price Spikes in February 2021* (“CA Petition”).⁹

6. After reviewing Piedmont’s information provided as a result of the *CA Petition*, the Consumer Advocate filed a letter expressing its concerns and recommending that “the Commission expand its review of the Piedmont PGA filing and the incentive mechanism calculations considering the February price spike and specifically the impact the volatile February prices had on the incentive mechanism of Piedmont.”¹⁰ Since the February 2021 price spike may impact multiple dockets, the Consumer Advocate filed this letter in three Piedmont dockets – TPUC Docket Nos. 21-00073, 21-00101, and 21-00102.¹¹

7. On December 22, 2021, Piedmont filed its letter¹² disputing not only the Consumer Advocate’s concerns raised in its November 3rd letter, but also concerns raised by Exeter¹³ in its

⁶ *Piedmont Natural Gas Company, Inc. Actual Cost Adjustment (ACA) Filing for The Period July 1, 2020 Through June 30, 2021*, TPUC Docket No. 21-00101 (August 31, 2021).

⁷ *Protective Order*, TPUC Docket No. 21-00101 (September 15, 2021).

⁸ *Piedmont Gas Company, Inc. Status Update Responses to the Commission Notice of Filing*, TPUC Docket No. 21-00073 (September 2, 2021).

⁹ *Consumer Advocate’s Petition to Obtain Information from Piedmont Natural Gas Company, Inc. Pertaining to the Potential Effects of the Price Spikes in February 2021*, TPUC Docket No. 21-00073 (June 23, 2021).

¹⁰ *Consumer Advocate’s Letter to Chairman Kenneth Hill Re: Piedmont Natural Gas Company Savings*, p. 3, TPUC Docket Nos. 21-00073, 21-00101, 21-00102 (November 3, 2021).

¹¹ *Id.*

¹² *Piedmont Natural Gas Company, Inc. Response to the Consumer Advocate Letter Filed on November 3, 2021, Re: Piedmont Natural Gas Company Savings*, TPUC Docket Nos. 21-00073, 21-00101, 21-00102 (December 22, 2021).

¹³ *Review of Performance Incentive Plan, November 2021*, prepared by Exeter Associates, Inc., p. 38, TPUC Docket No. 05-00165 (CONFIDENTIAL).

draft Review of Performance Incentive Plan. Piedmont filed its December letter in the same three dockets as the Consumer Advocate.

8. As a result of reviewing Piedmont's December letter, the Consumer Advocate filed a Records Request with the Commission for documents involving Piedmont's PGA, ACA, and Incentive Plan ("IPA").¹⁴ While the Commission can provide public documents, it is prohibited from providing documents identified by Piedmont as confidential. Therefore, the Consumer Advocate must intervene in this matter so that it may fully analyze the impact of the February price spike on its PGA, ACA, and IPA.

9. The interests of consumers may be affected by determinations and orders made by TPUC with respect to: (a) the interpretation, application, and implementation of TPUC Rule 1220-04-07-.05, and other relevant statutory and regulatory provisions; and (b) the review and analysis of Piedmont's documentation, financial spreadsheets, and other materials. As the interest of Tennessee consumers may be determined in this proceeding, the Consumer Advocate qualifies by provision of law, Tenn. Code Ann. § 65-4-118(b)(1), as an intervenor in this matter to represent these interests.


10. Only by participating as a party to this proceeding can the Consumer Advocate adequately carry out its statutory duty to represent the interests of Tennessee consumers.


Wherefore, the Consumer Advocate requests the Commission grant this Petition to Intervene and to grant the Consumer Advocate and the consumers of Tennessee such other relief as may be deemed appropriate under the circumstances.

¹⁴ *Consumer Advocate's Records Request Re: Piedmont Natural Gas Company*, TPUC Docket Nos. 21-0073, 21-00101, and 21-00102 (January 10, 2022).

In re: Piedmont Natural Gas Company, Inc. Actual Cost Adjustment
Docket No. 21-00102
Petition to Intervene

RESPECTFULLY SUBMITTED,


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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Petition to Intervene was served via electronic mail, with a courtesy copy provided via U.S. Mail:

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This the 16th day of February, 2022.


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