

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

May 1, 2023

IN RE:

PETITION OF PIEDMONT NATURAL GAS COMPANY,
INC. TO OFFER THE VOLUNTARY GREENEDGE
PROGRAM AND FOR THE COMMISSION TO ISSUE
AN ACCOUNTING ORDER AUTHORIZING THE
COMPANY TO MAINTAIN A DEFERRED ACCOUNT
FOR RECORDING ASSOCIATED COSTS AND
REVENUES

)
)
) DOCKET NO.
) 22-00130
)
)
)
)
)
)

ORDER APPROVING PETITION TO OFFER VOLUNTARY GREENEDGE PROGRAM
AND GRANTING DEFERRED ACCOUNTING TREATMENT FOR ASSOCIATED COSTS
AND REVENUES

This matter came before Chairman Herbert H. Hilliard, Vice Chairman David F. Jones, Commissioner Clay R. Good, Commissioner Kenneth C. Hill, and Commissioner David Crowell 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 20, 2023, for consideration of the *Petition of Piedmont Natural Gas Company, Inc. For Approval of Service Schedule No. 319 To Its Tennessee Service Regulations* (“*Petition*”) filed by Piedmont Natural Gas Company, Inc. (“Piedmont” or the “Company”) on November 29, 2022.

PETITION

On November 29, 2022, Piedmont filed the *Petition* requesting to institute a Rider for a new voluntary customer program entitled “GreenEdge Program” (“GreenEdge” or “Program”) and to authorize the Company to maintain a deferred account for the recording of the costs and revenues associated with this Program. The Program allows certain customers to offset the carbon emissions

associated with their natural gas usage through direct funding of Piedmont's purchase of environmental attributes. Based upon a sample of residential customers the Company determined there was a demand for a voluntary program which allows customers to decarbonize their natural gas carbon footprint. GreenEdge addresses this customer demand and allows commercial customers the same opportunity. Collections from the Program will allow the Company to purchase and retire environmental attributes sourced from renewable natural gas and from nature-based carbon offsets including those generated from forestation and land conservation projects, all of which are beneficial to the environment, on behalf of the collective participation of the customers.¹

Customers electing to participate in this Program will contract for Piedmont's purchase of one or more blocks of environmental attributes each month. Piedmont determined the purchase of one block of environmental attributes each month by a residential customer would offset approximately 20% of the carbon footprint impact resulting from their annual natural gas usage. For an average small general service customer, the purchase of one block of environmental attributes each month would offset approximately 4% of the carbon footprint impact resulting from their annual natural gas usage.²

Piedmont states that participation in the Program is voluntary.³ Customers electing to participate will continue to pay the rates and charges pursuant to their applicable Rate Schedule and an additional monthly charge for each block of environmental attributes that the customer elects under the Program. The per block monthly charge will apply regardless of the customer's actual natural gas usage.⁴

¹ *Petition*, p. 3 (November 29, 2022).

² *Id.* at 4.

³ *Id.* at 3-4.

⁴ *Id.* at 4.

The Company is proposing a \$3.00 monthly rate for this Rider. According to the Company, customers not participating in the Program will not be affected in any manner from the operation of this Program.⁵ Piedmont states that it will file monthly informational reports with the Commission outlining the activity recorded the previous month to the deferred account for the Rider. The Company will also file an informational annual report on the performance of the Program and customer participation.⁶

On December 29, 2022, in support of the *Petition*, Piedmont submitted the pre-filed testimony of Keith Goley. According to Mr. Goley, the Program is voluntary and does not affect the regulated services provided by Piedmont. Additionally, the Company's proposed accounting treatment ensures the Program has no impact on non-participating customers.⁷ Mr. Goley testified that Piedmont is initializing and offering the Program in response to customer interest to pursue carbon reduction. The Program allows customers to enroll in the Program via a portal, phone, mail or email for the purchase of a determined monthly number of blocks of environmental attributes ("EAs") on their behalf with each block offsetting the carbon footprint impact of a customer's usage of 12.5 therms of natural gas.⁸

After enrollment, participating customers will receive a separate monthly charge of \$3.00 for each block purchased. Mr. Goley testified that this rate was developed based on the average natural gas consumption and the current market pricing for EAs. According to Mr. Goley, using an annual average of customers' usage of 740 therms of natural gas; the election of five blocks of EAs each month will fully offset their average annual household usage of natural gas.⁹

The Company will purchase, on an annual basis based upon the prior year annual customer enrollments, verified EAs sourced from renewable natural gas ("RNG") and nature-based carbon

⁵ *Id.* at 5.

⁶ *Id.*

⁷ Keith Goley, Pre-Filed Direct Testimony, p. 2 (December 29, 2022).

⁸ *Id.* at 2-3.

⁹ *Id.* at 3.

offsets. Once an EA is purchased for a customer it will be retired so there is no opportunity for any other participating customer to purchase it.¹⁰

According to Mr. Goley, Piedmont proposes to maintain a deferred account for the purpose of recording and reporting related costs and revenues associated with the Program. This deferred account will be excluded from the cost-of-service calculation in any future rate case. Further, since any purchased EAs are immediately retired, there will not be any carrying value on the Company's books for EAs.¹¹ Mr. Goley testified that any failure of a customer to pay any amount under the Program will not result in disconnection of service.

POSITION OF THE CONSUMER ADVOCATE

On January 5, 2023, the Consumer Advocate Division of the Tennessee Attorney General's Office ("Consumer Advocate") filed a petition to intervene which was subsequently granted.¹² After intervening, the Consumer Advocate engaged in informal discovery with the Company. Subsequently, on March 6, 2023, the Consumer Advocate notified the Commission that there are no contested issues between the parties in this docket. The letter further states the Consumer Advocate waives the filing of pre-filed testimony, opening and closing statements, and cross examination of the Company witness.¹³

THE HEARING

A Hearing in this matter was held before the voting panel of Commissioners during the regularly scheduled Commission Conference on March 20, 2023, as noticed by the Commission on March 10, 2023. Making appearances were the following:

Piedmont Natural Gas Company, Inc. – Paul S. Davidson, Esq., Waller Lansden
Dortch & Davis, LLP, 511 Union Street, Suite 2700, TN 37219.

¹⁰ *Id.* at 4.

¹¹ *Id.* at 5.

¹² *Order Granting the Petition to Intervene Filed By The Consumer Advocate*, pp. 3-4 (March 2, 2023).

¹³ Letter from Victoria B. Glover, Assistant Attorney General, to Chairman Herbert H. Hilliard (March 6, 2023).

Consumer Advocate – Victoria Glover, Esq., Office of the Tennessee Attorney General and Reporter, Post Office Box 20207, Nashville, Tennessee, 37219.

Mr. Keith Goley provided an overview of the proposed program, tariff, and accounting treatment and was available for questions from the Commissioners. The Commissioners opened the floor for public comment, but no member of the public sought recognition to give comment.

FINDINGS AND CONCLUSIONS

Upon review of the entire evidentiary record in this matter, the anticipated environmental benefits of the GreenEdge Program, the voluntary participation in the Program by customers, and the proposed billing and accounting treatment of the Program instituting safeguards against potential adverse impacts to regulated natural gas services, the hearing panel voted unanimously to approve the *Petition* and Tariff as filed to implement the GreenEdge Program.

The Company shall maintain a deferred account for the purpose of recording related costs and revenues associated with the GreenEdge Rider. The purpose of the deferred accounting treatment is to promote transparency and ensure there is no cross-subsidization between participating and non-participating customers. The deferred account shall be excluded from any future rate case or annual rate review filing. The Company shall file monthly informational reports for all activity related to the deferred account and shall file an informational annual report of the operational performance of the GreenEdge Program.

Furthermore, any partial payment by a customer will first be applied to regulated gas services thereby ensuring there is no effect on regulated gas services.

IT IS THEREFORE ORDERED THAT:

1. The *Petition of Piedmont Natural Gas Company, Inc. For Approval of Service Schedule No. 319 To Its Tennessee Service Regulations* filed on November 29, 2022, is granted.
2. The deferred accounting treatment described herein in the pre-filed direct testimony of Mr. Keith Goley filed on December 29, 2022, is approved.

3. Any person who is 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.

4. Any person who is 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 Herbert H. Hilliard,
Vice Chairman David F. Jones,
Commissioner Clay R. Good,
Commissioner Kenneth C. Hill, and
Commissioner David Crowell
concurring.**

None dissenting.

ATTEST:



Earl R. Taylor, Executive Director