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August 26, 2025

## **VIA ELECTRONIC MAIL**

David F. Jones, Chairman  
c/o Ectory Lawless  
Tennessee Public Utility Commission  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

**Re: Petition of Piedmont Natural Gas Company, Inc. For Approval of its  
2025 Annual Review of Rates Mechanism Pursuant to Tenn. Code  
Ann. § 65-5-103(d)(6)  
Docket No. 25-00036**

Dear Chairman Jones:

Pursuant to the Joint Procedural Schedule in the above-referenced docket, enclosed please find for filing the original and four copies of Piedmont Natural Gas Company, Inc.'s ("Piedmont" or the "Company") Settlement Testimony of Misty Lyons in support of the Joint Stipulation and Settlement Agreement filed yesterday on August 25, 2025, by the Consumer Advocate Division, Office of Tennessee Attorney General.

This material is also being filed today by way of email to the Commission's docket manager, Ectory Lawless. Please file the original and provide a "filed" stamped copy of same via email. As per TPUC's request, we will also file via U.S. mail the original and four copies to TPUC's office for filing of same.

If you have any questions regarding this letter, you may reach me at the number shown above.

David F. Jones, Chairman

August 26, 2025

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Sincerely yours,

HOLLAND & KNIGHT LLP



Paul S. Davidson

Equity Partner

PSD:jv

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# **Tennessee Public Utility Commission**

**Docket No. 25-00036**

**2025 Annual ARM Filing**

**Settlement Testimony  
of  
Misty Lyons**

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



**August 26, 2025**

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

2 A. My name is Misty Lyons. My business address is 525 S.  
3 Tryon Street, Charlotte, North Carolina.

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

5 A. I am a Rates & Regulatory Strategy Manager for Piedmont  
6 Natural Gas Company, Inc. (“Piedmont” or the “Company”).

7 **Q. Are you the same Misty Lyons that filed direct testimony**  
8 **in support of Piedmont’s position in this proceeding?**

9 A. Yes.

10 **Q. What is the purpose of your Settlement Testimony in this**  
11 **proceeding?**

12 A. The purpose of my Settlement Testimony is to describe and  
13 support the Stipulation and Settlement Agreement  
14 (“Settlement Agreement”) between Piedmont and the  
15 Consumer Advocate Division of the Office of the Tennessee  
16 Attorney General (“Consumer Advocate”), (hereinafter,  
17 individually, “Party” and collectively, “Parties”) in  
18 Tennessee Public Utility Commission (“TPUC” or the  
19 “Commission”) Docket No. 25-00036 (“Present Docket”)

1       pertaining to Piedmont's 2025 Annual Rate Review  
2       Mechanism ("ARRM" or "ARM") Filing and adjustment of  
3       rates filed by the Company on May 20, 2025 ("2025 Annual  
4       ARM Filing").

5       **Q.   Were there any notable differences when comparing the**  
6       **methodological aspects of the 2025 Piedmont ARM filing**  
7       **with that of its 2024 ARM filing in Docket No. 24-00036?**

8       A.   No.

9       **Q.   How did this Settlement Agreement come about?**

10      A.   In the Present Docket, Piedmont and the Consumer Advocate  
11      engaged in extensive formal and informal discovery and met  
12      by video conference and phone call to discuss the calculations  
13      and documentation presented in the Company's May 20,  
14      2025, filing in the Present Docket. As detailed by the  
15      Settlement Agreement, the Present Docket is Piedmont's  
16      third annual ARM proceeding, and the Consumer Advocate  
17      diligently investigated the underlying documentation  
18      supporting the Company's request. Collaboratively,  
19      Piedmont agreed, without hesitation, to informal discovery

1 from the Consumer Advocate, as well as an amount of formal  
2 discovery requests that were over and above that authorized  
3 by the Commission's Procedural Schedule in order for the  
4 Consumer Advocate to complete its investigation.

5 Following this process as well as the Consumer  
6 Advocate's submission of the Direct Testimony of William  
7 H. Novak and Clark D. Kaml on August 6, 2025, the  
8 Consumer Advocate and Piedmont engaged in discussions  
9 regarding the possible parameters of a settlement of this  
10 matter. Those discussions involved the examination,  
11 discussion and ultimate resolution, as between the Parties, of  
12 all the issues raised in the Direct Testimonies of Consumer  
13 Advocate witnesses Novak and Kaml.

14 **Q. Can you describe the terms of the Settlement Agreement**  
15 **reached with the Consumer Advocate?**

16 A. Yes. Following the Company's approved ARM Tariff,  
17 Piedmont's 2025 Annual ARM Filing requested the

Commission's approval to recover the following:

<b>Summary of ARM Revenue Deficiency Calculations from Initial 2025 ARM Filing</b>	
HBP Revenue Requirement Deficiency	\$ 93,330
Carrying Cost	\$ 7,522
Remaining Deferred Account Balance	\$ 1,843,024
<b>Total Amount to be Collected from ARM Rider Rates Effective October 1, 2025</b>	<b>\$ 1,943,876</b>
ABRR Revenue Requirement Deficiency	\$ 8,679,258
<b>Total Amount to be Collected from Base Rates Effective October 1, 2025</b>	<b>\$ 8,679,258</b>

Following Piedmont's discussions with the Consumer Advocate as well as some corrections that the Company made to some of the schedules commensurate with the normal discovery process, the Consumer Advocate filed the direct testimonies of witnesses Novak and Kaml. In Consumer Advocate witness Novak's Direct Testimony, he recommended the Commission approve a modification to the rate design that Piedmont utilized for its industrial customer class, some future ARM reporting changes, and, in summary, the following:

<b>Summary of ARM Revenue Deficiency Calculations from Consumer Advocate Direct Testimony</b>	
HBP Revenue Requirement Deficiency	\$ 14,832
Carrying Cost	\$ 1,196
Remaining Deferred Account Balance	\$ 1,843,024
<b>Total Amount to be Collected from ARM Rider Rates Effective October 1, 2025</b>	<b>\$ 1,859,052</b>
ABRR Revenue Requirement Deficiency	\$ 8,544,427
<b>Total Amount to be Collected from Base Rates Effective October 1, 2025</b>	<b>\$ 8,544,427</b>

Consumer Advocate witness Kaml's Direct Testimony made

1 a number of comments and recommendations, including two  
2 adjustments to operations and maintenance (“O&M”)  
3 expense during the HBP that were incorporated into Mr.  
4 Novak’s summary revenue requirement recommendations,  
5 and various other recommendations that ultimately requested  
6 action from the Commission in future Piedmont ARM  
7 proceedings but that did not impact the revenue requirement  
8 of the case.

9 Ultimately, through additional discussions, the Parties  
10 were able to come to a collaborative agreement with respect  
11 to the settlement of this proceeding. The Settlement  
12 Agreement, as detailed below, resolves witnesses Novak’s  
13 and Kaml’s concerns and recommendations for this Present  
14 Docket and requests the Commission’s approval for Piedmont  
15 to recover the following, consistent with Exhibit A of the  
16 Settlement Agreement:

Summary of ARM Revenue Deficiency Calculations from Settlement Agreement Exhibit A	
HBP Revenue Requirement Deficiency	\$ 34,946
Carrying Cost	\$ 2,819
Remaining Deferred Account Balance	\$ 1,843,024
<b>Total Amount to be Collected from ARM Rider Rates Effective October 1, 2025</b>	<b>\$ 1,880,789</b>
ABRR Revenue Requirement Deficiency	\$ 8,535,577
<b>Total Amount to be Collected from Base Rates Effective October 1, 2025</b>	<b>\$ 8,535,577</b>



1 **Q. Did the Parties agree to the two specific O&M**  
2 **adjustments as proposed in Mr. Kaml's Direct**  
3 **Testimony?**

4 A. No. Rather, the Parties agreed to a generic adjustment to the  
5 Historic Base Period ("HBP") O&M expense in the amount  
6 of \$200,153 ("Agreed to Settlement Adjustment 1") for  
7 resolution of this proceeding. Agreed to Settlement  
8 Adjustment 1 establishes no precedent for Piedmont's future  
9 ARM proceedings, nor does it necessitate any change to  
10 Piedmont's ARM Tariff.

11 **Q. Did the Parties agree to the industrial class rate design**  
12 **recommendation of Mr. Novak in his Direct Testimony?**

13 A. Yes. The Parties agreed to conform to Mr. Novak's industrial  
14 rate design proposal ("Agreed to Settlement Adjustment 2")  
15 for the purpose of resolving the Present Docket. The  
16 proposed rates, shown in Exhibit B of the Settlement  
17 Agreement, incorporate Mr. Novak's industrial rate design  
18 proposal. Agreed to Settlement Adjustment 2 establishes no  
19 precedent for Piedmont's future ARM proceedings, nor does

1 it necessitate any change to Piedmont's ARM Tariff.

2 **Q. Does the Settlement Agreement incorporate any change to**  
3 **Piedmont's proposal, per its May 20<sup>th</sup> Filing in the Present**  
4 **Docket, to recover on an amortized basis the Company's**  
5 **actual incurred and deferred environmental expenses for**  
6 **the HBP?**

7 A. No.

8 **Q. Will adoption of the proposed rates from the Settlement**  
9 **Agreement yield a decrease or increase to the overall**  
10 **billing rates for customers?**

11 A. It will yield a decrease, because in total the proposed billing  
12 rates in the Settlement Agreement are lower than the  
13 Company's current Commission-approved rates for all  
14 customer classes.

15 **Q. Please elaborate on why the Settlement Agreement will**  
16 **yield an overall decrease to rates given that the Settlement**  
17 **Agreement establishes a deficiency for the HBP Revenue**  
18 **Requirement and a deficiency for the Annual Base Rate**  
19 **Reset ("ABRR") Revenue Requirement.**

1 A. All else being equal, the establishment of the HBP Revenue  
2 Requirement Deficiency and the ABRR Revenue  
3 Requirement Deficiency in the Present Docket would yield an  
4 overall increase to customer billing rates. However, because  
5 last year's 2024 ARM Filing proceeding resulted in a \$14.9  
6 million increase to the ARM Rider Rates, and also because  
7 the majority of that deficiency has already been collected  
8 through the ARM Rider Rates that went into effect October  
9 1, 2024, Piedmont's proposed ARM Rider Rates in this  
10 proceeding are lower than the ARM Rider Rates currently in  
11 effect. In the Present Docket, the proposed decrease in the  
12 ARM Rider Rates for effect October 1, 2025, more than  
13 offsets the proposed increase in the Base Margin Rates for  
14 effect October 1, 2025. Accordingly, the overall impact to  
15 customer billing rates pursuant to the Settlement Agreement  
16 in the Present Docket, is a net decrease to customer billing  
17 rates.

1 **Q. What is estimated average bill impact to residential**  
2 **customers of the rate adjustment from the Settlement**  
3 **Agreement, if approved by the Commission?**

4 A. The Settlement Agreement, if approved by the Commission,  
5 is estimated to yield an annual bill decrease to the average  
6 residential customer of approximately \$16, or an average  
7 levelized monthly decrease of \$1.33.

8 **Q. Do you believe the Settlement Agreement meets the public**  
9 **interest standard, and if so, what is Piedmont specifically**  
10 **asking the Commission to do with respect to the**  
11 **Settlement Agreement?**

12 A. Yes, I believe that the Settlement Agreement meets the public  
13 interest standard. In summary, Piedmont is asking that the  
14 Commission grant approval of the Settlement Agreement,  
15 which will enable Piedmont to:

- 16 • Recover the computed \$34,946 HBP Revenue
- 17 Requirement Deficiency and \$2,819 of associated
- 18 carrying costs through September 30, 2025, which, taken
- 19 together, represent \$37,765.

- 1 • Implement new ARM Rider Rates effective October 1,  
2 2025, in replacement of the ARM Rider Rates that the  
3 Commission authorized in Docket No. 24-00036  
4 addressing the Company's 2024 Annual ARM Filing. As  
5 shown in ARM Settlement Schedule No. 12, as part of  
6 Exhibit A to the Settlement Agreement, Piedmont is  
7 seeking to implement new ARM Rider Rates to recover  
8 the above referenced \$37,765, in conjunction with the  
9 balance of the ARM Reconciliation Deferred Account as  
10 of September 30, 2025, which is currently expected to be  
11 \$1,843,024. Establishing new ARM Rider Rates in this  
12 matter fully complies with the terms of the Company's  
13 currently effective ARM Tariff.
- 14 • Implement new Base Margin Rates (which were  
15 previously set in Docket No. 24-00036 addressing the  
16 Company's 2024 Annual ARM Filing) for the computed  
17 \$8,535,577 ABRR Revenue Requirement Deficiency, as  
18 shown in Settlement Agreement Exhibit A.

- 1 • Implement updated Weather Normalization Adjustment  
2 Factors in alignment with Exhibits A & B to the  
3 Settlement Agreement, as shown in a forthcoming filing  
4 in the Present Docket prior to the evidentiary hearing  
5 herein, effective October 1, 2025, concurrent with the  
6 implementation of the updated Base Margin Rates in this  
7 proceeding.
- 8 • Amortize and recover through updated Base Margin Rates  
9 in this proceeding certain deferred environmental  
10 expenses that have been incurred and deferred during the  
11 HBP, in alignment with Exhibits A & B to the Settlement  
12 Agreement.

13 **Q. Does this conclude your Settlement Testimony?**

14 **A.** Yes, it does. Thank you.