

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-39, SUB 46
DOCKET NO. G-39, SUB 47

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-39, SUB 46)	
)	
In the Matter of)	ORDER SCHEDULING
Cardinal Pipeline Company, LLC Depreciation)	INVESTIGATION,
Rate Study as of December 31, 2020)	ESTABLISHING
)	INTERVENTION AND
DOCKET NO. G-39, SUB 47)	TESTIMONY DUE DATES AND
)	DISCOVERY GUIDELINES,
In the Matter of)	AND REQUIRING NOTICE
Application of Cardinal Pipeline Company, LLC,)	
for an Adjustment in Its Rates and Charges)	

BY THE CHAIR: On February 10, 2022, Cardinal Pipeline Company, LLC (Cardinal or the Company), filed a notice of its intention to file a general rate case application pursuant to Commission Rule R1-1-17(a). Also on February 10, 2022, Cardinal filed a request for a waiver of three Commission requirements generally applicable to the filing of a rate case.

On March 15, 2022, Cardinal, filed an application with the Commission requesting authority to increase its rates and charges to produce an increase in its annual operating revenues of \$919,530, which is an overall increase of approximately 7.28%.

In support of its application, Cardinal states that the Joint Stipulation approved by the Commission on July 27, 2017, in its "Order Decreasing Rates" in Docket No. G-39, Sub 38, required Cardinal to file a general rate case no later than March 15, 2022. Cardinal's current rates were established in Docket No. G-39, Sub 38, as subsequently adjusted by Docket Nos. M-100, Sub 138 and G-39, Sub 42. Cardinal is seeking an increase in those rates in an amount sufficient to allow Cardinal to recover its cost of service, including a just and reasonable return on its investment. Contributing to the proposed overall rate increase are several adjustments to Cardinal's various operating and maintenance expenses (O&M), insurance premiums, rent, legal and rate case expenses, adjusted depreciation rates, and an overall decrease in rate base.

Cardinal has an established Integrity Management Program to comply with the rules of the Pipeline and Hazardous Materials Safety Administration (PHMSA). Cardinal's Integrity Management Program requires an assessment of its pipeline every seven years. Cardinal states that it performed its last assessment in 2018 and incurred \$412,056 in

expenses, which were placed in a deferred account (regulatory asset). Cardinal is seeking to collect these expenses over five years, the presumed rate period of the rates proposed in the Application, for an annual amortization of \$82,411. Because Cardinal's operations and maintenance expenses for the test year did not include any expenses for the required pipeline assessment, Cardinal is proposing to place the actual costs incurred for the 2025 assessment in a regulatory deferred account for proposed recovery in a future rate proceeding.

In this proceeding, Cardinal has proposed a new deferral mechanism to address the extraordinary costs it will incur in response to a federal mandate since the O&M for the test year does not include any expenses for Cardinal to be compliant with federal mandates. Cardinal has proposed to amortize the deferred O&M cost for recovery in future rates.

On March 28, 2022, the Public Staff filed a motion requesting that the Commission issue an order consolidating Cardinal's Depreciation Study as filed in Docket No. G-39, Sub 46 with its general rate case application in Docket No. G-39, Sub 47.

On April 4, 2022, the Commission issued an order consolidating these dockets. Also on April 4, 2022, the Commission issued an order granting Cardinal's request for waivers.

On April 5, 2022, the Public Staff filed a letter with the Commission recommending that Cardinal's application be declared a general rate case and that the proposed rates and charges be suspended for up to 270 days from April 14, 2022, the date when such rates would otherwise go into effect.

On April 7, 2022, the Commission issued an Order Establishing General Rate Case and Suspending Rates.

On April 27, 2022, the Public Staff filed a letter with the Commission recommending that Cardinal's application be set for hearing and that the Commission establish deadlines for petitions to intervene and file testimony, establish appropriate discovery rules and require notice to customers, attaching for the Commission's consideration a proposed order to that effect. The Public Staff also stated that the intervenors of record have reviewed the proposed order and no party objects to its issuance.

Based upon the foregoing, the Chair finds good cause to set the application for hearing, establish deadlines for petitions to intervene and file testimony, establish appropriate discovery rules, and require notice to customers.

The guidelines regarding discovery in this docket, subject to modification for good cause shown, are as follows:

1. Any deposition that a party desires to take shall be taken before the

deadline for the filing of Public Staff and other intervenor testimony. A notice of deposition shall be served on all parties at least seven calendar days prior to the taking of the deposition. Notice of deposition and all other discovery notices, requests and motions shall be served on the appropriate parties by hand delivery or facsimile, or by electronic delivery if the receiving party has agreed to receipt by electronic delivery.

2. Any motion for subpoena of a witness to appear at the evidentiary hearing shall be filed with the Commission before the deadline for the filing of Public Staff and other intervenor testimony, shall be served by hand delivery, facsimile, or by means of electronic delivery, upon agreement of the receiving party, to the person sought to be subpoenaed at or before the time of filing with the Commission, and shall make a reasonable showing that the evidence of such person will be material and relevant to an issue in the proceeding. See N.C. Gen. Stat. § 62-62. Unless an objection is filed, the Chief Clerk shall issue the requested subpoena one business day after such a motion is filed.

3. Formal discovery requests related to the application and the Company's prefiled direct testimony shall be served on the Company no later than 14 calendar days prior to the filing of Public Staff and other intervenor testimony. Such discovery requests need not be filed with the Commission. The party served shall have up to three business days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than ten calendar days prior to the deadline for the filing of the Public Staff and other intervenor testimony. The party filing objections shall attach a copy of the discovery request and shall serve a copy on the party seeking discovery at, or before, the time of filing with the Commission.

4. Formal discovery requests related to the prefiled direct testimony of the Public Staff or other intervenors shall be served no later than three business days after such testimony is filed. Such discovery requests need not be filed with the Commission. The party served shall have up to three business days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than five calendar days after that party's testimony was filed. The party filing objections shall attach a copy of the discovery request and shall serve a copy on the party seeking discovery at, or before, the time of filing with the Commission.

5. Formal discovery requests related to the Company's prefiled rebuttal testimony shall be served on the Company no later than two business days after such testimony is filed. Such discovery requests need not be filed with the Commission. The party served shall have up to two business days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than three business days after the rebuttal testimony was filed. The party filing objections shall attach a copy of the discovery request and shall serve a copy on the party seeking discovery at, or before, the time of filing with the Commission. Discovery related to rebuttal testimony shall be limited to new material introduced in such rebuttal testimony and will be carefully scrutinized upon objection that such discovery should have been sought during the initial period of discovery from the Company.

6. A party shall not be granted an extension of time to pursue discovery because of that party's late intervention or other delay in initiating discovery.

The Chair recognizes that in the past most discovery has been conducted in an informal manner without the need for Commission involvement or enforcement, and that such has been generally successful. The above guidelines are without prejudice to the parties conducting informal discovery or exchanging information by agreement at any time with the understanding that such will not be enforceable by the Commission if outside the guidelines.

Further, the Chair finds good cause to require the Company and all other parties who file exhibits and workpapers that include tables of numbers and calculations to provide the Commission Staff, the Public Staff, and any other party upon request from such party an electronic version of all such exhibits and workpapers, with formulas intact.

Finally, the Chair shall require Cardinal to consult with all other parties and file, not later than Thursday, June 30, 2022, a joint list of witnesses to be called at the hearing, the order of witnesses, and the order and estimated time for cross-examination. If the parties cannot reach agreement, the remaining parties shall, not later than Friday, July 1, 2022, make a filing indicating their points of disagreement with the Company's filing.

IT IS, THEREFORE, ORDERED as follows:

1. That the application is scheduled for expert witness hearing beginning at 1:00 p.m., on Monday, July 11, 2022, and continuing as necessary until conclusion. The hearing will be held in Commission Hearing Room 2115, Second Floor, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina;

2. That the test period to be used by all parties in this proceeding shall be the twelve-month period ending on December 31, 2021, with appropriate adjustments;

3. That the parties shall comply with the discovery guidelines established herein and shall work in a cooperative manner as to discovery;

4. That all parties filing supporting exhibits in either PDF or Excel format shall provide the Commission Staff electronic versions of the exhibits filed in native Excel format via email at NCUCexhibits@ncuc.net, including all of the supporting tabs and formulas, within three days of the filing of such exhibits (or within three business days of the issuance of this order if already filed with the Commission); and that Cardinal and all other parties filing exhibits and workpapers that include tables of numbers and calculations shall provide the Public Staff and any other party upon request an electronic version of all such exhibits and workpapers, with formulas intact;

5. That Cardinal shall mail to each of its customers a copy of the Notice of Hearing, attached hereto as Appendix A, within 30 days from the date of this order;

6. That on or before Friday, June 10, 2022, any persons having interest in this matter may file petitions to intervene in this proceeding pursuant to Commission Rules R1-5, R1-6, R1-7, and R1-19;

7. That direct testimony and exhibits of the Public Staff and other intervenors shall be filed on or before Friday, June 10, 2022, and that the rebuttal testimony and exhibits, if any, of any and all parties shall be filed on or before Friday, June 24, 2022; and

8. That Cardinal shall consult with all other parties and file, not later than Thursday, June 30, 2022, a joint list of witnesses to be called at the hearing, the order of witnesses, and the order and estimated time for cross-examination. If the parties cannot reach agreement, the remaining parties shall, no later than Friday, July 1, 2022, make a filing indicating their points of disagreement with the Company's filing.

ISSUED BY ORDER OF THE COMMISSION.

This the 2nd day of May, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, appearing to read "Joann R. Snyder". The signature is written in a cursive, flowing style.

Joann R. Snyder, Deputy Clerk

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for an Adjustment in Its Rates and Charges)	

NOTICE IS HEREBY GIVEN that on March 15, 2022, Cardinal Pipeline Company, LLC (Cardinal), filed an application with the Commission requesting authority to increase its rates and charges to produce an annual increase in revenues of \$919,530, or approximately 7.82%.

In support of the application, Cardinal stated that the Stipulation approved by the Commission on July 27, 2017, in its "Order Decreasing Rates" in Docket No. G-39, Sub 38, required Cardinal to file a general rate case no later than March 15, 2022. Cardinal's current rates were established in Docket No. G-39, Sub 38, as subsequently adjusted by Docket Nos. M-100, Sub 138 and G-39, Sub 42. Cardinal is seeking an increase in those rates in an amount sufficient to allow Cardinal to recover its cost of service including a just and reasonable return on its investment. Contributing to the proposed overall rate increase are several adjustments to Cardinal's various operation and maintenance (O&M) expenses, insurance premiums, rent, legal and rate case expenses, adjusted depreciation rates, and an overall decrease in rate base.

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assessment in a regulatory deferred account for proposed recovery in a future rate case proceeding.

In this proceeding, Cardinal has proposed a new deferral mechanism to address the extraordinary costs it will incur in response to a federal mandate, since the O&M for the test year does not include any expenses for Cardinal to be compliant with federal mandates. Cardinal has proposed to amortize the deferred O&M cost for recovery in future rates.

The present and proposed rates of Cardinal are as follows:

	<u>Description</u>	Present Rates* 1/	Proposed Rates
1	<u>Monthly Reservation Charges (\$/Mcf)</u>		
2	Zone 1A	\$0.79026	\$0.89687
3	Zone 1B	\$1.22568	\$1.39104
4	Zone 2	\$2.53828	\$2.71483
5	<u>Monthly Reservation Charges (\$/Dt)</u>		
6	Zone 1A	\$0.76354	\$0.86654
7	Zone 1B	\$1.18424	\$1.34400
8	Zone 2	\$2.45244	\$2.62302
9	<u>Daily Reservation Charges (\$/Dt)</u>		
10	Zone 1A	\$0.02510	\$0.02849
11	Zone 1B	\$0.03893	\$0.04419
12	Zone 2	\$0.08063	\$0.08624
13	Excess CFT Service (\$/Dt)		
14	Zone 1A	\$0.02510	\$0.02849
15	Zone 1B	\$0.03893	\$0.04419
16	Zone 2	\$0.08063	\$0.08624

* Mcf: Thousand Cubic Feet, Dt: Dekatherms

1/: Present Rates from Cardinal's Approved October 25, 2018 Federal Tax Cuts and Jobs Act Filing in Docket Nos. M-100, Sub 148 and G-39, Sub 42, effective January 1, 2018.

A list of present rates, together with details of the proposed adjustments in rates, can be obtained at the business offices of Cardinal, or at the Office of the Chief Clerk of the Commission, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina, where a copy of the proposed application is available for review by any interested person. Upon written request, the Commission will place copies of the application and prefiled testimony in centrally located public libraries. The name and location of the library must be identified

in the request. Information and filings relating to this proceeding can also be accessed from the Commission's website at www.ncuc.net under the docket number of this proceeding. The burden of proof shall be upon Cardinal to show that the proposed rates applied for are just and reasonable.

The Commission has issued an order suspending the proposed rates for up to 270 days from April 14, 2022, subject to modification pursuant to further investigation and a final order of the Commission in this docket, established deadlines for petitions to intervene and file testimony, established appropriate discovery rules, and required notice to customers.

Notice is given that the application is scheduled for expert witness hearing beginning at 1:00 p.m., on Monday, July 11, 2022, and continuing as necessary until conclusion. The hearing will be held in Commission Hearing Room 2115, Second Floor, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Written statements to the Public Staff should include any information that the writers wish to be considered by the Public Staff in its investigation of the matter. Such statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff - NCUC, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300.

The Attorney General is also authorized by statute to represent consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, c/o Consumer Protection-Utilities, 9001 Mail Service Center, Raleigh, North Carolina, 27699-9001. Written statements may be emailed to utilityAGO@ncdoj.gov.

Persons desiring to present testimony for the record should appear at the hearing. Persons desiring to send written statements to inform the Commission of their positions in the matter should address their statements to the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300 and reference Docket No. G-39, Sub 47. However, such written statements cannot be considered competent evidence unless those persons appear at the hearing and testify concerning the information contained in their written statements. Persons may also email the Commission a statement about the application via the Commission's website at www.ncuc.net/contactus.html. In either case, consumer statements will be placed in Docket No. G-39, Sub 47, and may be accessed by searching that docket number via the Commission's website.

Persons having an interest in the investigation and desiring to intervene in the matter as formal parties of record may file their protests or interventions not later than Friday, June 10, 2022, and in accordance with Rules R1-5, R1-6, R1-7, and R1-19 of the Commission's Rules and Regulations.

This the 2nd day of May 2022.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Joann R. Snyder". The signature is written in a cursive, flowing style.

Joann R. Snyder, Deputy Clerk