



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

February 19, 2024

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. G-40, Sub 175 – Application of Frontier Natural Gas Company
for Annual Review of Gas Costs

Dear Ms. Dunston,

Attached for filing on behalf of the Public Staff – North Carolina Utilities
Commission in the above-referenced docket is the testimony of Andrew R. S.
Puglisi.

By copy of this letter, we are forwarding a copy to all parties of record by
electronic delivery.

Sincerely,

Electronically submitted
/s/ Elizabeth D. Culpepper
Staff Attorney
elizabeth.culpepper@psncuc.nc.gov

/s/ Davia A. Newell
Staff Attorney
davia.newell@psnuc.nc.gov

Attachment

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Testimony has been served on all parties of record or their attorneys, or both, in accordance with Commission Rule R1-39, by United States mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 19th day of February, 2024.

Electronically submitted
/s/ Elizabeth D. Culpepper
Staff Attorney

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-40, SUB 175

In the Matter of
Application of Frontier Natural Gas Company for Annual Review of Gas Costs Pursuant to N.C. Gen. Stat. § 62-133.4(c) and Commission Rule R1-17(k)(6)) **TESTIMONY OF**
) **ANDREW R. S. PUGLISI ON**
) **BEHALF OF THE PUBLIC**
) **STAFF – NORTH CAROLINA**
) **UTILITIES COMMISSION**

February 19, 2024

1 **Q. Please state your name, business address, and present**
2 **position.**

3 A. My name is Andrew R. S. Puglisi, and my business address is 430
4 North Salisbury Street, Raleigh, North Carolina. I am an engineer
5 with the Energy Division of the Public Staff. My qualifications and
6 experience are provided in Appendix A.

7 **Q. What is the mission of the Public Staff?**

8 A. The Public Staff represents the concerns of the using and consuming
9 public in all public utility matters that come before the North Carolina
10 Utilities Commission (Commission). Pursuant to N.C. Gen. Stat. §
11 62-15(d), it is the Public Staff's duty and responsibility to review,
12 investigate, and make appropriate recommendations to the
13 Commission with respect to the following utility matters: (1) retail
14 rates charged, service furnished, and complaints filed, regardless of
15 retail customer class; (2) applications for certificates of public
16 convenience and necessity; (3) franchise transfers, mergers,
17 consolidations, and combinations of public utilities; and (4) contracts
18 of public utilities with affiliates or subsidiaries. The Public Staff is also
19 responsible for appearing before state and federal courts and
20 agencies in matters affecting public utility service.

1 **Q. What is the purpose of your testimony in this proceeding?**

2 A. The purpose of my testimony is to: (1) present the results of my
3 review of the gas cost information filed by Frontier Natural Gas
4 Company (Frontier or Company) in accordance with N.C.G.S. §
5 62-133.4(c) and Commission Rule R1-17(k)(6); (2) provide my
6 conclusions regarding the prudence of the natural gas purchases
7 made by Frontier; (3) provide my conclusions regarding Frontier's
8 projected peak day demand; and (4) discuss my recommendations
9 regarding temporary rate increments or decrements.

10 **Q. Please explain how you conducted your review.**

11 A. I reviewed the testimony and exhibits of the Company's witnesses
12 and the Company's monthly Deferred Gas Cost Account reports, gas
13 supply and pipeline transportation contracts, monthly reports filed
14 with the Commission in Docket No. G-100, Sub 24A, and responses
15 to Public Staff data requests. In addition, I participated in follow-up
16 technical discussion between the Public Staff and Frontier regarding
17 the data request responses.

18 Although the scope of Commission Rule R1-17(k) is limited to a
19 historical review period, I considered other information received in
20 response to data requests to anticipate the Company's requirements
21 for future needs, including design day estimates; forecasted gas

1 supply needs; projected capacity additions and supply changes; and
2 customer load profile changes.

3 **Q. What is the result of your evaluation of Frontier's gas costs?**

4 A. Based on my investigation and review of the data in this docket, I
5 believe Frontier's gas costs were prudently incurred.

6 **CUSTOMER GROWTH**

7 **Q. How have Frontier's customers and throughput changed since**
8 **the Company's last annual review of gas costs proceeding?**

9 A. Customer growth for the current review period and the prior
10 twelve-month review period is shown in the table below.

11 Table 1: Customer Growth¹

Frontier Natrual Gas Company Sub 24A	<u>2021-2022</u>	<u>2022-2023</u>	<u>Change</u>
	<u>Review</u>	<u>Review</u>	
Number of Customers (September 30)	4,665	4,950	6.11%
Sales Volume (dts)	1,345,982	1,387,968	3.12%
Transportation Volume (dts)	2,903,979	2,837,948	-2.27%
Total Sales & Transportation Volume (dts)	4,249,961	4,225,915	-0.57%

12 During the current review period, Frontier's customer count
13 increased by 6.11%, which is in line with projections made by the

¹ Table 1 contains information obtained by the Public Staff from Frontier's monthly reports filed in Docket No. G-100, Sub 24A pursuant to the Commission's Order Consolidating and Terminating Reporting Requirements issued February 3, 1981, in Docket No. G-100, Subs 21 and 24.

1 Company in Docket No. G-40, Sub 171, its prior annual review of gas
2 costs proceeding.

3 Compared to the prior review period, Sales volumes increased by
4 3.12% and the overall Sales and Transportation volumes decreased
5 by 0.57%. It is worth noting that although not detailed in Table 1, the
6 current review period saw an increase of 1.97% in Heating Degree
7 Days (HDD) compared to the prior review period. These findings
8 suggest that customer growth in the current review period was
9 primarily driven by system expansion efforts.

10 Based on our review of the Company's monthly filings in Docket No.
11 G-100, Sub 24A, the Public Staff concludes that the Company is
12 likely to maintain its projected growth rate.

13 **AVAILABLE SUPPLY AND CAPACITY RESOURCES**

14 **Q. Did Frontier have any changes to its gas supply and pipeline
15 capacity during the review period?**

16 **A.** Yes. Frontier's Asset Management Agreement (AMA) with UGI
17 Energy Services, LLC (UGI) was executed on April 1, 2020, for
18 20,000 dts Daily Quantity, and had an expiration date of March 31,
19 2023. As described in the testimony of Company witness Younger,
20 the Company decided to utilize a peaking plan which allowed for up
21 to 24,000 dekatherms (dts) of coverage on 12 days between January

1 2023 and February 2023. Witness Younger explained that Frontier
2 had the ability to call up to 2,000 dts daily on any of those 12 days.

3 Company witness Younger testified that Frontier entered into a new
4 AMA with Gas South, LLC (Gas South AMA) effective April 1, 2023,
5 with terms more favorable than those available under the UGI AMA.
6 The Gas South AMA covers the Company for up to 20,000 dts
7 quantity and has no fees associated with Zone 3 or Zone 5
8 purchases. The Company also receives a credit against its Transco
9 demand charges of \$9,500 per month for potential unused capacity.

10 Frontier currently has a total of 8,613 dts per day of contracted
11 pipeline capacity on the Transcontinental Gas Pipe Line Company,
12 LLC (Transco) interstate pipeline.

13 In response to a Public Staff data request, the Company indicated
14 that since the prior annual review period it continues to evaluate
15 different options mainly for system redundancy, not necessarily for
16 system capacity, including additional interstate pipeline connections
17 and liquified natural gas (LNG) options. The Company also indicated
18 that, due to the expense of building additional pipelines for
19 redundancy, it would begin focusing more on LNG options; however,
20 the Company did not evaluate any storage options during the current
21 review period.

1 **DESIGN DAY REQUIREMENTS**

2 **Q. Have you reviewed Frontier's prior system peaks relative to its**
3 **forecasted design day peaks?**

4 A. Yes. Frontier's peak day during the review period was December 25,
5 2022, with firm customers utilizing 13,176 dts, which represents
6 Frontier's total firm peak system flow over the past decade. This peak
7 is 9.2% higher than the modeled peak of 12,065 dts in the prior
8 review period, is higher than the peak day of 13,110 dts that Frontier
9 modeled for Year 1 and is 71% of the peak day modeled for Year 5.

10 **Q. Do you have any conclusions regarding how Frontier is**
11 **planning to meet future system demand?**

12 A. Yes. As stated in Company witness Younger's testimony, Marquette
13 Energy Analytics (Marquette) annually provides Frontier with a
14 monthly forecast report for the upcoming year to assist Frontier in
15 supply planning. This annual report forecasts monthly expected
16 maximum flow and a daily expected average flow in dts for the
17 upcoming year on Frontier's system, which the Company uses to
18 determine its peak demand requirements for firm customer load. I
19 evaluated this report and find that it provides a reasonable forecast
20 of Frontier's peak-day demand using reasonable assumptions, such
21 as HDDs and frequency of occurrence of cold weather events.

1 For the current review period, Frontier used Marquette's monthly
2 expected maximum flow plus a growth factor based on historical five-
3 year averages to project the peak day flow for each month of the next
4 five years. Additionally, as stated by Company witness Younger,
5 Frontier ensured the availability of peaking gas to its customers
6 during January 2023 and February 2023 to meet projected peak
7 demand, considering the unpredictability of weather conditions.
8 Based on the application of the Marquette report, I believe Frontier
9 has adequate capacity to serve its firm customers on its peak day.

10 **DEFERRED ACCOUNT BALANCE**

11 **Q. What is your recommendation regarding any proposed**
12 **increments/decrements?**

13 A. Public Staff witness Johnson states in her testimony that she agrees
14 with Frontier's deferred account balance of \$342,026 owed to the
15 Company by its customers.

16 In response to a Public Staff data request, Frontier indicated that as
17 of January 22, 2024, the date of the response, the Company
18 anticipates filing for a decrease in its commodity cost of gas in April
19 2024. Although the Company experienced a colder December and
20 January than last year, they were still relatively mild. Additionally, the
21 Company noted in its response that the current deferred account
22 balances could be impacted by the potential occurrence of a cold

1 snap that could drive market volatility impacting the expected April
2 2024 filing.

3 The Public Staff notes that the deferred account balances vary
4 between winter and summer months, as gas costs are typically over-
5 collected during the winter period when throughput is higher due to
6 heating load and under-collected during the summer due to lower
7 throughput.

8 I recommend that Frontier continue to monitor the deferred account
9 balance in order to keep it at a reasonable level. I believe the
10 Company is actively managing its deferred account pursuant to
11 N.C.G.S. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix
12 A of Frontier's Gas Service Rules & Regulations [Purchased Gas
13 Adjustment (PGA) mechanism], and I do not recommend any
14 temporary rate increments or decrements at this time.

15 **Q. Does this conclude your testimony?**

16 A. Yes, it does.

QUALIFICATIONS AND EXPERIENCE**Andrew R. S. Puglisi**

I graduated from Villanova University in 2020 with a Bachelor of Science degree in Mechanical Engineering and a Mathematics Minor. I began working as a Utilities Engineer with the Natural Gas Section of the Public Staff's Energy Division in June 2023.

Prior to joining the Public Staff, I worked as an engineer with Florida Power & Light, a subsidiary of NextEra Energy. While there, I worked for two years as an Engineering and Technical Services engineer responsible for designing system expansion projects, overhead to underground conversions, and lateral hardening projects, as well as other small distribution engineering program projects. I also worked for one year with Florida City Gas as a public works engineer. I was tasked with working with state and municipal engineers to avoid the company's natural gas facilities being in conflict with proposed roadway and drainage projects, as well as being involved in cathodic protection, pipe reactivation, and customer relocations.

My work at the Public Staff to date includes review of Integrity Management Trackers/Riders, Annual Reviews of Gas Costs, and REPS Compliance Riders.