



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

January 16, 2024

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

Re: Docket No. G-41, Sub 59 – Application of Toccoa Natural Gas for Annual Review of Gas Costs Pursuant to N.C. Gen. Stat. § 62-133.4(c) and Commission Rule R1-17(k)(6)

Dear Ms. Dunston,

Attached for filing on behalf of the Public Staff – North Carolina Utilities Commission (Public Staff) in the above-referenced docket is the testimony of Andrew R. S. Puglisi, Public Utilities Engineer with the Natural Gas Section of the Energy Division of the Public Staff.

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
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/s/ James Bernier, Jr.
Staff Attorney
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cc: Parties of Record

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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-41, SUB 59

In the Matter of)	TESTIMONY OF
Application of Toccoa Natural Gas for)	ANDREW R. S. PUGLISI
Annual Review of Gas Costs Pursuant to)	ON BEHALF OF THE
N.C. Gen. Stat. § 62.133.4(c) and)	PUBLIC STAFF – NORTH
Commission Rule R1-17(k)(6))	CAROLINA UTILITIES
)	COMMISSION

January 16, 2024

1 **Q. Please state your name, business address, and current**
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 a Public
5 Utilities Engineer in the Natural Gas Section of the Energy Division
6 of the Public Staff – North Carolina Utilities Commission (Public
7 Staff).

8 **Q. Briefly state your qualifications and duties.**

9 A. My qualifications and experience are provided in Appendix A.

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

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

1 before state and federal courts and agencies in matters affecting
2 public utility service.

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

4 A. The purpose of my testimony is to: (1) present my conclusions as to
5 whether the gas costs charged to North Carolina operations by
6 Toccoa Natural Gas (Toccoa or Company) during the 12-month
7 review period ended June 30, 2023, were prudently incurred; (2)
8 discuss my review of the gas cost information filed by Toccoa in
9 accordance with N.C.G.S. § 62-133.4(c) and Commission Rule R1-
10 17(k)(6); and (3) present my recommendation regarding any
11 temporary rate increments or decrements.

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

13 A. I reviewed: (1) the testimony and exhibits of the Company's
14 witnesses; (2) the Company's monthly operating reports; and
15 (3) the Company's responses to Public Staff data requests. The
16 responses to the Public Staff's data requests contained information
17 related to Toccoa's gas purchasing philosophies, customer
18 requirements, design day analysis, and gas portfolio mixes.

19 **Q. Please describe Toccoa and its operations in North Carolina.**

20 A. Toccoa is a municipal corporation created by the laws of the State
21 of Georgia. It has been providing natural gas service in Georgia
22 since 1952, and in Macon County, North Carolina since 1998.

1 Toccoa is a full requirements wholesale customer of the Municipal
2 Gas Authority of Georgia (Gas Authority), which manages its
3 capacity, storage, and supply contracts.

4 Toccoa's total sales volume for the review period ended June 30,
5 2023, was 1,326,495 dekatherms (dts), of which 149,509 dts
6 (11.27%) were sold in North Carolina.

7 Toccoa indicates that it expects to experience incremental growth
8 as the expansion of its system continues. Toccoa further states that
9 as necessary, the Gas Authority assists Toccoa in acquiring the
10 most cost-effective combination of pipeline, storage, and peaking
11 capacities available on the system of Transcontinental Gas Pipe
12 Line Company, LLC (Transco), based on least cost and operational
13 flexibility.

14 **Q. What is the result of your evaluation of Toccoa's gas costs?**

15 A. Based on my investigation and review of the data in this docket, I
16 believe that Toccoa's gas costs were prudently incurred.

17 **Q. What other items did the Energy Division review?**

18 A. Even though the scope of Commission Rule R1-17(k) is limited to a
19 historical review period, the Public Staff's Energy Division also
20 considers other information received pursuant to data requests in
21 order to anticipate the Company's requirements for future needs,
22 including design day estimates, forecasted gas supply needs,

1 projection of capacity additions and supply changes, and customer
2 load profile changes.

3 **DESIGN DAY REQUIREMENTS**

4 **Q. As to the Company's future capacity requirements, what did
5 you review, and what are your conclusions from your review?**

6 A. I reviewed the Company's testimony, exhibits, and other
7 information submitted by the Company in response to data
8 requests that addressed how well its projected firm demand
9 requirements align with future available capacity. Per Toccoa's gas
10 supply agreement with Gas Authority, the Company's gas supply,
11 storage, and capacity contracts as administered by Gas Authority
12 obligates Gas Authority to deliver 100% of Toccoa's gas supply and
13 obligates Toccoa to only receive gas supply through this agreement
14 and not from other outside sources. The Public Staff has no
15 concerns with the Company's gas procurement agreement.

16 I performed independent calculations utilizing the Company's
17 assumptions, which indicate that the Company should have
18 adequate capacity to meet firm demand for the next five winter
19 seasons. The Public Staff will continue to monitor the Company's
20 growth and its forecasted gas supply needs.

1 **TEMPORARY INCREMENTS OR DECREMENTS**

2 **Q. How do you determine the temporary rate increments or**
3 **decrements for Toccoa?**

4 A. In general, temporary increments or decrements for a local
5 distribution company (LDC) are calculated using the Deferred
6 Account Balance at the end of the review period divided by
7 volumes from an LDC's last general rate case. As Toccoa has
8 never had a general rate case, the Public Staff has previously
9 recommended, and the Commission has previously approved,
10 using the North Carolina firm sales volumes from the review period
11 in this calculation.

12 **Q. Do you recommend any changes to the temporary increments**
13 **or decrements for Toccoa?**

14 A. Yes. The current temporary rate decrement of \$0.8180 per dt for all
15 North Carolina firm services customers was approved by the
16 Commission effective February 1, 2023, based on the review period
17 for the 12-months ending June 30, 2022.¹ Toccoa's deferred
18 account balance for the current review period reflects a credit
19 balance of \$98,557 and its North Carolina firm sales volume to be
20 used is 112,161 dts. Therefore, I propose a temporary rate
21 decrement of \$0.8787 per dt, which is calculated using the deferred

¹ Order on Annual Review of Gas Costs issued January 9, 2023, in Docket No. G-41, Sub 58 (Sub 58 Order).

1 account credit balance of \$98,557 divided by 112,161 dts. I
2 recommend that this temporary rate decrement be approved for all
3 North Carolina firm sales customers effective the first day of the
4 month following the date of the Commission's order in this
5 proceeding, and that the current decrement of \$0.8180 per dt that
6 was placed into rates by the Sub 58 Order be removed.

7 I further recommend that Toccoa continue to monitor the balance in
8 its Deferred Account and file a request to implement new temporary
9 increments or decrements pursuant to N.C.G.S. § 62-133.4 and
10 Commission Rule R1-17(k)(3) as needed to avoid significant
11 overcollection or undercollection of its future gas costs.

12 It is my understanding that Toccoa does not oppose these
13 recommendations.

14 **Q. What effect does this change in temporaries have on the**
15 **typical residential bill, if any?**

16 A. Since the proposed decrement in the instant docket is larger than
17 the one currently in rates, customers will experience a decrease in
18 their bills. The typical residential customer bill will decrease by
19 \$2.46 per month due to this rate change.

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

21 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.

CERTIFICATE OF SERVICE

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

This the 16th day of January, 2024.

Electronically submitted
/s/ Elizabeth D. Culpepper