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October 26, 2018

Ms. M. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
Mail Service Center 4325
Raleigh, NC 27699-4300

RE: NCUC Docket No. E-22 Sub 558

Dear Ms. Jarvis

In connection with the above-referenced docket, I transmit herewith for filing on behalf of Nucor Steel-Hertford the Direct Testimony of Paul J. Wielgus.

By copy of this letter, we are providing copies of the testimony to all other parties of record.

Very truly yours,

Joseph W. Eason

**VIRGINIA ELECTRIC AND POWER COMPANY
D/B/A DOMINION ENERGY NORTH CAROLINA
DOCKET NO. E-22, SUB 558**

**TESTIMONY
OF
PAUL J. WIELGUS**

**WITNESS
FOR
NUCOR STEEL-HERTFORD**

October 26, 2018

DOCKET NO. E-22, SUB 558
INDEX TO THE TESTIMONY
OF
PAUL J. WIELGUS

WITNESS
FOR
NUCOR STEEL-HERTFORD

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EXHIBITS:

Exhibit PJW-1 – Resume of Paul J. Wielgus

I. POSITION AND QUALIFICATIONS

Q. PLEASE STATE YOUR FULL NAME AND BUSINESS ADDRESS.

A. My name is Paul J. Wielgus. My business address is 1850 Parkway Place, Suite 800, Marietta, Georgia 30067.

Q. BY WHOM ARE YOU EMPLOYED?

A. I am employed by GDS Associates, Inc. ("GDS") at its Marietta, Georgia headquarters.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. Nucor Steel ("Nucor"), located in Hertford, North Carolina.

Q. PLEASE OUTLINE YOUR PROFESSIONAL AND EDUCATIONAL QUALIFICATIONS.

A. I am a Managing Director with GDS. Prior to joining GDS, I was a senior energy executive engaged in the development and implementation of commercial business plans. Initiatives undertaken included long term energy sales and marketing arrangements, energy procurement, development projects, asset expansions, asset management, mergers and acquisitions, and regulatory activities. With GDS, I provide energy advisory services to clients involving the above matters and perform other energy related work assignments on the behalf of clients including expert testimony. I have a B.S. in Economics, an M.S. in Mineral and Energy Resources, an MBA, and a JD. I am licensed to practice law in Texas. My resume is attached as Exhibit PJW-1.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH CAROLINA UTILITIES COMMISSION ("COMMISSION")?

A. Yes. I submitted testimony on behalf of Nucor in Docket No. E-22, Sub 451.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN OTHER PROCEEDINGS?

1 A. Yes.

2 **II. PURPOSE OF TESTIMONY**

3 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

4 A. I have conducted a review of the filing made by Virginia Electric and Power Company,
5 d/b/a Dominion Energy North Carolina (“Company”) in this Docket No. E-22, Sub 558 to
6 adjust the fuel component of its electric rates to become effective February 1, 2019, and
7 remain in effect through January 31, 2020. I will present my findings and recommendations
8 regarding the Company’s proposed full recovery request and its mitigation alternative.

9 **III. SUMMARY OF THE COMPANY’S PROPOSAL**

10 **Q. PLEASE SUMMARIZE YOUR UNDERSTANDING OF THE COMPANY’S**
11 **PROPOSAL.**

12 A. DENC’s total fuel rate is composed of (i) a base fuel factor, (ii) Rider A, and (iii) an
13 Experience Modification Factor (EMF), Rider B. The Company is requesting the
14 Commission approve and implement “full recovery” rates, which includes scheduling
15 recovery of 100% of the fuel deferral account balance of \$16,162,154 (as of June 30, 2018)
16 over the February 1, 2019 – January 31, 2020 Rate Period.¹ However, the Company
17 recognizes the impact of such an increase in fuel rates on its customers, so the Company is
18 proposing an alternative that would help mitigate the increase (“mitigation alternative”).²

19 **Q. WHAT MITIGATION IS THE COMPANY PROPOSING?**

¹ Direct Testimony of George G. Beasley at 4, lines 4-7.

² *Id.* at 4, lines 8-13.

1 A. Under the mitigation alternative, the Company would waive its right to recovery of the full
2 deferral balance over the upcoming rate period in favor of recovering the deferral balance
3 on a dollar for dollar basis over the next two rate periods. That is, under the mitigation
4 alterative, the Company is proposing to establish rates in this proceeding to recover 50%
5 of the deferral balance in the upcoming rate period and establish rates in the 2019 fuel
6 proceeding to recover the other 50% of the deferral balance in the February 1, 2020 –
7 January 31, 2021 rate period.³

8 **Q. DO YOU AGREE WITH THE COMPANY'S REASON FOR PROPOSING THIS**
9 **MITIGATION ALTERATIVE?**

10 A. Yes. The full deferral amount is materially significant. The Company recognizes the
11 impact of such an increase in fuel rates on its customers. For example, the impact on
12 Nucor's facility in North Carolina is estimated to be almost \$300,000 per month if the
13 deferral is collected on the twelve-month basis. This would clearly exacerbate the rate
14 shock and further negatively impact the North Carolina steel mill's competitiveness.

15 **IV. FINDINGS AND RECOMMENDATIONS**

16 **Q. BASED ON YOUR REVIEW WHAT ARE YOUR FINDINGS?**

17 A. Based on my review, my findings are as follows:

- 18 1. The Company's fuel deferral account balance of \$16,162,154 is materially significant.
- 19 2. The Company recognizes the impact of such an increase in fuel rates on its customers.
- 20 3. The impact on Nucor's North Carolina facility is estimated to be almost \$300,000 if
21 the deferral is collected on the twelve-month basis.

³ *Id.* at 4, lines 13-22.

1 4. This clearly creates tremendous rate shock for Nucor’s operations, significantly
2 impacting that plant’s competitiveness.

3 **Q. BASED ON YOUR FINDINGS WHAT ARE YOUR RECOMMENDATIONS?**

4 A. Based on my findings, my recommendations are as follows:

5 1. The Company’s proposed mitigation alternative will provide necessary relief to its
6 customers.

7 2. The Company’s proposed mitigation alternative that collects the deferral amount over
8 two rate periods instead of just one is good regulatory policy and should be approved
9 by the Commission.

10 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

11 A. Yes.

EDUCATION

JD, 1996, licensed in Texas, South Texas College of Law, Houston, Texas

MBA, 1985, graduated with Honors, thesis on electric utility marketing, Lamar University, Beaumont, Texas

MS, College of Mineral and Energy Resources, 1979, awarded Federal Mining Fellowship, thesis on fuel transportation pricing and contracting, West Virginia University, Morgantown, West Virginia

BS, ECONOMICS, 1977, energy economics concentration, West Virginia University, Morgantown, West Virginia

EXECUTIVE PROFILE

As a Senior Executive in the energy industry was engaged in the development and implementation of commercial business plans. Initiatives undertaken included long term energy sales and marketing arrangements, energy procurement, development projects, asset expansions, asset management, mergers and acquisitions, and regulatory activities. Currently providing energy advisory services to clients involving the above matters and perform other energy related work assignments on the behalf of clients including expert testimony.

PROFESSIONAL EXPERIENCE

GDS ASSOCIATES, INC., Atlanta, GA Managing Director	2008 - Present
NRG Energy, New Roads, LA Vice President – Development	2006-2008
GDS ASSOCIATES, INC., Atlanta, GA Managing Director	2002-2006
ENTERGY WHOLESALE OPERATIONS, Houston, TX Senior Vice President - Business Development	1999-2002
AMERICAN ELECTRIC POWER (AEP), Columbus, OH, Houston, TX Vice President - Project Development	1997-1999
ENRON CAPITAL AND TRADE, Houston, TX Director	1991-1997
PEPSICO (FRITO-LAY), Plano, TX Energy Manager	1987-1991
Prior professional energy experience	1979-1987