



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

February 20, 2023

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 171
Application of Frontier Natural Gas Company for Annual Review of
Gas Costs

Dear Ms. Dunston:

In connection with the above-captioned docket, I transmit herewith for filing on behalf of the Public Staff the testimony of Blaise C. Michna, Engineer, Energy Division; and the joint testimony of Hemanth Meda, Financial Analyst III, Accounting Division, and Sonja R. Johnson, Financial Manager, Natural Gas & Transportation Section, Accounting Division.

By copy of this letter, I am forwarding a copy of this filing to all parties of record by electronic delivery.

Sincerely,

Electronically submitted
/s/ Gina C. Holt
Staff Attorney
gina.holt@psncuc.nc.gov

Attachments

cc: Parties of Record

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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-40, SUB 171

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**
) **BLAISE C. MICHNA**
) **ON BEHALF OF**
) **THE PUBLIC STAFF –**
) **NORTH CAROLINA**
) **UTILITIES COMMISSION**

February 20, 2023

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

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

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

8 A. The purpose of my testimony is to: (1) present the results of my
9 review of the gas cost information filed by Frontier Natural Gas
10 Company (Frontier or Company) in accordance with N.C. Gen. Stat.
11 § 62-133.4(c) and Commission Rule R1-17(k)(6); (2) provide my
12 conclusions regarding the prudence of the natural gas purchases
13 made by Frontier; (3) provide my conclusions regarding Frontier's
14 projected peak day demand; and (4) discuss my recommendations
15 regarding temporary rate increments or decrements.

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

17 A. I reviewed the testimony and exhibits of the Company's witnesses
18 and the Company's monthly Deferred Gas Cost Account reports, gas
19 supply and pipeline transportation contracts, monthly reports filed
20 with the Commission in Docket No. G-100, Sub 24A, and responses
21 to Public Staff data requests. In addition, I participated in follow-up

1 technical discussions between the Public Staff and Frontier
2 regarding the data request responses.

3 Although the scope of Commission Rule R1-17(k) is limited to a
4 historical review period, I considered other information received in
5 response to data requests to anticipate the Company's requirements
6 for future needs, including design day estimates; forecasted gas
7 supply needs; projected capacity additions and supply changes; and
8 customer load profile changes.

9 **Q. What is the result of your evaluation of frontier's gas costs?**

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

12 **CUSTOMER GROWTH**

13 **Q. How have frontier's customers and throughput changed since**
14 **the Company's last annual review of gas costs proceeding?**

15 A. Table 1 reflects that, since the last review period, Frontier's customer
16 count decreased by 1.35%. This decrease is due to an adjustment
17 made by Frontier on January 1, 2022, to reflect the correct customer
18 count on its system. Upon noting a discrepancy between active
19 accounts and the customer numbers reflected in the Company's

1 January 2022 monthly filing in Docket No. G-100, Sub 24A¹, the
2 Company adjusted its customer count and adjusted its internal
3 processes to audit customer accounts quarterly to prevent this issue
4 from reoccurring.

5 Based on the Company's revised monthly filings under Docket No.
6 G-100, Sub 24A, the Public Staff concludes that the Company is
7 expected to continue expanding at its forecasted growth rate. The
8 Company provided assurances to the Public Staff, through data
9 requests and discussions, that the adjusted customer counts would
10 not impact gas planning or procurement strategies.

11 The current review period saw a decrease of 5.73% in Heating
12 Degree Days (HDD) compared to the last review period. This
13 suggests that growth in the review period was primarily driven by
14 system expansion. The overall Sales and Transportation volumes,
15 expressed in dekatherms (dts), increased by 0.24% relative to the
16 2021 review period².

¹ Proceeding instituted April 24, 1975, for the purpose of evaluating Revised Rule R6-19.2, Priorities for Curtailment of Service.

² Company's revised filing under G-100, Sub 24A

1

Table 1: Customer Growth

Frontier Natural Gas Company Sub 24A	2021 Review	2022 Review	Change
Number of Customers (September 30)	4,729	4,665	-1.35%
Sales Volume (dts)	1,341,426	1,345,982	0.34%
Transportation Volume (dts)	2,899,379	2,903,980	0.16%
Total Sales & Transportation Volumes (dts)	4,240,805	4,250,815	0.24%

2

AVAILABLE SUPPLY AND CAPACITY RESOURCES

3 Q.

Did Frontier have any changes to its gas supply and pipeline capacity during the review period?

4

5 A.

Yes. As stated in Frontier witness Younger's testimony, the Company has also expanded its gas purchasing plan with a peaking contract that covers up to 24,000 dts on 12 days between January and February of 2023 to ensure gas supply on high demand days. Frontier's current Asset Management Agreement (AMA) was executed on April 1, 2020, with UGI Energy Services, LLC (UGI) for 20,000 dts Daily Quantity and has an expiration date of March 31, 2023.

13

Witness Younger testified that the Company will begin a new AMA with Gas South in April of 2023. This agreement provides some favorable terms compared to the current agreement with UGI, including no Zone 3 or Zone 5 fees per dt and affording a monthly refund of \$9,500 for potential unused capacity.

14

15

16

17

1 Frontier currently has a total of 8,613 dts per day of contracted
2 pipeline capacity on the Transcontinental Gas Pipeline Company,
3 LLC (Transco) interstate pipeline. As discussed by witness Taylor,
4 the Company is constantly monitoring opportunities for open
5 capacity on Transco. The Company indicated in a data request
6 response that it was analyzing different options for system
7 redundancy and meeting with other suppliers about the possibility of
8 expanding to their interstate pipeline networks. However, the
9 Company was not awarded the bid for Transco capacity and the
10 interstate pipeline bids were not deemed financially viable. The
11 Company indicated that it would continue to evaluate system
12 redundancy options.

13 **DESIGN DAY REQUIREMENTS**

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

16 **A.** Yes. Frontier's peak day during the review period was January 29,
17 2022, with firm customers utilizing 11,288 dts. Frontier's total firm
18 peak system flow over the past decade occurred on January 21,
19 2019, at 12,195 dts. This peak is higher than the peak day of 12,065
20 dts that Frontier modeled for Year 1 and is 76% of the peak day
21 modeled for Year 5.

1 **Q. Do you have any recommendations regarding how Frontier is**
2 **planning to meet future system demand?**

3 A. Yes. As in the recent past, Frontier has provided the peak day
4 analysis prepared by Marquette Energy Analytics (Marquette), which
5 the Company uses to determine its peak demand requirements for
6 firm customer load. I evaluated this report and find that it provides a
7 reasonable forecast of Frontier's peak-day demand using
8 reasonable assumptions, such as HDDs and frequency of
9 occurrence of cold weather events. In response to a Public Staff data
10 request, the Company stated that, pursuant to its contract, Marquette
11 provides an annual report forecasting monthly expected maximum
12 flow and a daily expected average flow in dts for the upcoming year
13 on Frontier's system.

14 For the current review period, Frontier used Marquette's monthly
15 expected maximum flow plus a growth factor based on historical five-
16 year averages to project the peak day flow for each month of the next
17 five years. In addition, Frontier increased the expected peak day
18 projection provided by Marquette to include coverage for marketer
19 imbalance in its Expected Nomination. Due to increasingly frequent
20 Operational Flow Orders restricting gas flexibility on the Transco
21 system to preserve operational integrity, the Company has placed a
22 greater emphasis on ensuring nominations cover the expected daily
23 average usage and has entered a flexible peaking contract to protect

1 supply in January and February 2023. Based on the application of
2 the Marquette report, I believe Frontier has adequate capacity to
3 serve its firm customers on its peak day.

4 **DEFERRED ACCOUNT BALANCE**

5 **Q. What is your recommendation regarding any proposed**
6 **increments/decrements?**

7 A. Public Staff witness Meda states in his testimony that he agrees with
8 Frontier's deferred account balance of \$1,005,001 owed to the
9 Company by the customers.

10 Company witness Bell stated in his testimony, and in response to
11 data requests, that Frontier has observed and expects this value to
12 fluctuate throughout the winter and decrease in the shoulder months.
13 The Public Staff notes that the deferred account balances vary
14 between winter and summer months, as gas costs are typically over-
15 collected during the winter period when throughput is higher due to
16 heating load and under-collected during the summer due to lower
17 throughput. In response to a Public Staff data request, the Company
18 stated that it will monitor gas pricing to determine if it necessitates
19 the filing of a Purchased Gas Adjustment (PGA) pursuant to N.C.G.S
20 § 62-133.4. However, Frontier stated that, at this time, a PGA filing
21 is not expected during the winter months.

22 I recommend that Frontier monitor the deferred account balance and,

1 if necessary, file an application for authority to adjust its benchmark
2 delivered cost of gas through its PGA mechanism in order to keep
3 the deferred account balance at a reasonable level. I believe the
4 Company is actively managing its deferred account through the PGA
5 procedures, and I do not recommend any temporary rate increments
6 or decrements at this time.

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

8 **A.** Yes, it does.

QUALIFICATIONS AND EXPERIENCE

BLAISE C. MICHNA

I graduated from the Wayne State University with a Bachelor of Science in Electrical Engineering in 2016 and The Pennsylvania State University with a Master of Engineering degree in Electrical Engineering in 2021.

Prior to joining the Public Staff, I worked in Michigan in several roles for DTE Electric from 2015-2022. During that time, I worked in the company's Fossil Generation group in various capacities of fuel supply operations, generation studies and forecasting, fuel procurement, and environmental and regulatory compliance. My final position at the company was as a Fuel Resource Specialist, executing daily Natural Gas planning and purchasing, long-term Natural Gas resource planning and procurement, and compilation and preparation of Energy Supply filings with the Michigan Public Service Commission.

I joined the Public Staff in October of 2022 as a member of the Natural Gas Section of the Energy Division. My work to date includes Integrity Management Review, Annual Review of Gas Costs, Design Day Demand and Capacity Calculations, Purchase Gas Cost Adjustment Procedures, Review of Utility Asset Transfers, Weather Event Investigations, and General and Multi-Year Rate Case Proceedings.

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-40, SUB 171

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))
) **JOINT TESTIMONY OF**
) **HEMANTH MEDA AND**
) **SONJA R. JOHNSON**
) **ON BEHALF OF**
) **THE PUBLIC STAFF –**
) **NORTH CAROLINA**
) **UTILITIES COMMISSION**

February 20, 2023

1 **Q. Mr. Meda, please state your name, business address, and**
2 **present position.**

3 A. My name is Hemanth Meda, and my business address is 430 North
4 Salisbury Street, Raleigh, North Carolina. I am a Financial Analyst
5 III with the Accounting Division of the Public Staff North Carolina
6 Utilities Commission. A summary of my education and qualifications
7 is attached as Appendix A.

8 **Q. Ms. Johnson, please state your name, business address, and**
9 **present position.**

10 A. My name is Sonja R. Johnson and my business address is 430
11 North Salisbury Street, Raleigh, North Carolina. I am the Financial
12 Manager of the Natural Gas and Transportation Section in the
13 Accounting Division of the Public Staff. My qualifications and
14 experience are provided in Appendix B.

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

16 A. The purpose of our testimony is to: (1) present the results of our
17 review of the gas cost information filed by Frontier Natural Gas
18 Company (Frontier or Company) in accordance with N.C. Gen.
19 Stat. § 62-133.4(c) and Commission Rule R1-17(k)(6); (2) provide
20 our conclusions regarding whether the gas costs incurred by
21 Frontier during the 12-month review period ended September 30,
22 2022, were properly accounted for; (3) discuss any changes to the

1 deferred account during the review period; and (4) provide our
2 conclusions regarding the prudence of Frontier's hedging decisions
3 during the review period.

4 **Accounting for and Analysis of Gas Costs**

5 **Q. Has the company properly accounted for its gas costs during**
6 **the review period?**

7 A. Yes.

8 **Q. How does the Accounting Division conduct its review of the**
9 **Company's accounting for gas costs?**

10 A. We review the testimony and exhibits of the Company's witnesses,
11 monthly financial reports, gas supply and transportation contracts,
12 the Company's monthly Deferred Gas Cost Account reports, and
13 the Company's responses to the Public Staff data requests.
14 Additionally, each month the Public Staff Accounting Division
15 reviews the Deferred Gas Cost Account report filed by the
16 Company for accuracy and completeness, and performs certain
17 review procedures on the calculations, including the following:

18 (1) **Gas Cost True-Up** – The actual commodity and demand
19 costs are verified, calculations and data supporting gas cost
20 collections are checked, invoices are reviewed, and the

- 1 Company's overall gas cost calculations at benchmark are
2 checked for mathematical accuracy.
- 3 (2) **Transportation Customer Balancing True-Up** – The
4 monthly Cash-Out Report for each marketer is reviewed and
5 all calculations for cash-out amounts are verified.
- 6 (3) **Interest Accrual** – Interest accrual calculations on the
7 outstanding Deferred Gas Cost Account balances are
8 verified.
- 9 (4) **Hedging Transactions** – The computed cost of each
10 hedging transaction is traced to the underlying hedging
11 contract, and computational accuracy is verified.
- 12 (5) **Temporary Increments and/or Decrements** – All
13 calculations and supporting data regarding amounts due to
14 or from customers as recorded in the Deferred Gas Cost
15 Account are verified, and supporting data and schedules are
16 reviewed.
- 17 (6) **Supplier Refunds** – In Docket No. G-100, Sub 57, the
18 Commission held that, unless or until it orders refunds to be
19 handled differently, supplier refunds should flow through to
20 ratepayers through a local distribution company's deferred
21 account. Pursuant to this order, all supplier refunds issued
22 during the review period are reviewed and all amounts

1 received by the Company are verified to have been flowed
2 through to ratepayers.

3 **Q. How do the Company's filed gas costs for the current review**
4 **period compare with those for the prior review period?**

5 A. Frontier's total gas costs for the current review period are
6 \$9,439,654 compared with \$5,580,895 for the prior 12-month
7 period. The components of total gas cost for the two periods, and
8 my analysis of the changes in those components, are as follows:

Line	12 Months Ended		Increase (Decrease)	% Change	
	Sept. 30, 2022	Sept. 30, 2021			
	Demand Charges				
1	Transco FT	\$1,332,559	\$1,331,949	\$610	0.05%
2	Other	0	-0-	0	N/A
3	Total Demand Charges	\$1,332,559	\$1,331,949	\$610	0.05%
	Gas Supply Costs				
4	Baseload Purchases	\$5,336,980	\$1,805,113	\$3,531,867	195.66%
5	Delivered Purchases	732,667	412,718	319,949	77.52%
6	Hedge Purchases	2,793,794	2,139,758	654,036	30.57%
7	Other	73,470	(25,679)	99,149	-386.11%
8	Total Gas Supply Costs	\$8,936,911	\$4,331,910	\$4,605,001	106.30%
9	Total Other Gas Costs	(829,816)	(\$82,964)	(\$746,852)	900.21%
10	Total Gas Costs	\$9,439,654	\$5,580,895	\$3,858,759	69.14%
11	Gas Supply for Delivery (dts)	1,330,359	1,315,187	15,172	1.15%
12	Total Gas Costs per Dt	\$7.0956	\$4.2434	\$2.85	67.21%

9 **Baseload Purchases** increased by 195.66% due to the higher
10 level of wellhead gas prices in this review period. The average total
11 gas supply cost of \$6.72 per dekatherm (dt) for the current review

1 period increased by approximately 103.95% as compared to an
2 average total gas supply cost for the prior review period of \$3.29
3 per dt. This increase is generally consistent with the changes in
4 market indices experienced during the review period.

5 **Delivered Purchases** increased by 77.52% in the current review
6 period due to an increase in gas prices purchased at Zone 5 as
7 compared to the prior review period.

8 **Hedge Purchases** increased by 30.57% in the current review
9 period due to an increase in the gas prices at Zone 3 and Zone 5
10 as compared to the prior review period.

11 **Total Other Gas Costs increased** by 900.21% in the current
12 review period mainly driven by gas costs throughout the year.
13 Market pricing throughout the year was higher than historical norms
14 during the review period and did not not normalize as the Company
15 anticipated. Because market pricing did not normalize, and the
16 Company did not come in for a change in the benchmark cost of
17 gas, rates charged were not in line with what it was paying for gas.
18 As a result, other gas costs increased.

1 **Hedging and Other Risk Mitigation Strategies**

2 **Q. Please explain how the Public Staff conducts its review of**
3 **hedging activities.**

4 A. The Public Staff's review of the Company's hedging activities
5 includes an analysis and evaluation of the following information:

6 (1) The Company's monthly hedging costs, as reflected on the
7 invoices of UGI Energy Services, LLC (UGI);

8 (2) Detailed source documentation, such as physical gas
9 confirmations, that support the amount of gas hedged and
10 the strike prices;

11 (3) Workpapers supporting the derivation of the maximum
12 hedge volumes targeted;

13 (4) The monthly summary of hedging costs (benefits);

14 (5) Hedging plan documents that set forth the Company's gas
15 price risk management policy, hedge strategy, gas price risk
16 management operations;

17 (6) Documentation from meetings of Frontier's Gas Supply
18 Planning Committee and the Risk and Supply Committee of
19 its parent company, Hearthstone Utilities, Inc.;

20 (7) Testimony and exhibits of the Company's witnesses in the
21 annual review of gas costs proceeding; and

1 (8) Company responses to the Public Staff's data requests.

2 **Q. Please explain your understanding of the standard set forth by**
3 **the Commission for evaluating the Company's hedging**
4 **decisions?**

5 A. The appropriate standard for the review of hedging decisions by
6 local distribution companies (LDCs) is set forth in the Commission's
7 February 26, 2002 Order on Hedging in Docket No. G-100, Sub 84
8 (Hedging Order). In the Hedging Order, the Commission concluded
9 that the purpose of hedging is to reduce the volatility of commodity
10 costs. The Commission noted that hedging involves costs and risks
11 and that it is possible that the long term cost of hedged gas will be
12 higher than gas bought at market prices. The Commission stated it
13 understands that with the use of hedging mechanisms, costs and
14 risks are accepted in exchange for reduced volatility.

15 The Commission concluded that hedging is an option that must be
16 considered in connection with an LDC's gas purchasing practices.
17 The Commission stated that an LDC's decision to make no effort to
18 mitigate price spikes – including a decision not to hedge – would be
19 a decision subject to review in the LDC's annual gas cost prudence
20 review proceeding just as much as a decision to hedge.

1 The Commission further concluded that if an LDC decides to hedge
2 in some fashion, prudently incurred costs in connection with
3 hedging should be treated as gas costs under N.C.G.S. § 62-133.4.
4 The Commission stated that while such costs cannot be pre-
5 approved within the context of the annual gas cost prudence
6 review, the Commission recognized that the review of the prudence
7 of a decision to hedge or not to hedge should be made on the basis
8 of the information available at the time each decision is made, not
9 on the basis of the information available at the time of the prudence
10 review proceeding.

11 The Commission ordered that each LDC should address its current
12 hedging policy and program in its testimony in each annual gas
13 cost prudence review, explaining why and how it hedged or why it
14 did not hedge during the test period.

15 **Q. Please describe your analysis of the Company's hedging plan**
16 **during the review period.**

17 A. Frontier's Gas Supply Policy has provided an appropriate strategy
18 to address the volatile Zone 5 daily market. By purchasing winter
19 hedges in each month of April to September for the upcoming
20 winter period November through March, using FOM pricing for the
21 remaining expected daily nominations at Zone 3 and Zone 5, as
22 well as utilizing the 3,613 dts at Zone 3 pricing for swing volumes

1 needed above the daily nominations, the Company's Gas Supply
2 Policy helped mitigate the risk of price spikes to customers due to
3 large temperature fluctuations and price volatility during the winter
4 period.

5 The Public Staff believes that Frontier's current Gas Supply Policy
6 provides a reasonable level of price mitigation during the winter
7 months and reduced the Zone 5 daily pricing exposure to the
8 Company, which has had a history of extremely volatile peaks
9 during the heating season. We recommend that Frontier continue to
10 work with the Public Staff to discuss its Gas Supply Policy,
11 including hedging and other price mitigation strategies, as changes
12 to the policy are contemplated.

13 **Q. Based on your review and analysis, were the Company's**
14 **hedging decisions during the review period prudent?**

15 A. In our opinion, based on what was reasonably known or should
16 have been known at the time the Company made its hedging
17 decisions affecting the review period, as opposed to the outcome of
18 those decisions, our analysis leads us to the conclusion that the
19 decisions were prudent.

20 **Q. Has the Company complied with the ordering paragraphs in**
21 **the prior annual review order?**

1 A. Yes. Ordering Paragraph 5 of the Commission’s Order on Annual
2 Review of Gas Costs issued May 3, 2022, in Docket No. G-40, Sub
3 163, states that “Frontier and the Public Staff shall continue to work
4 together to discuss Frontier’s Gas Supply Procurement Policy,
5 including hedging and other price mitigation strategies, as changes
6 to the policy are contemplated.”

7 Frontier and the Public Staff had conference calls, as well as a
8 meeting on June 22, 2022, to discuss Frontier’s procurement
9 strategies and how the Company planned to utilize its Gas Supply
10 Policy in preparation for the upcoming winter period. This included
11 discussions on hedging and other price mitigation strategies to
12 protect customers from possible gas cost volatility.

13 **DEFERRED ACCOUNT BALANCE**

14 **Q. What is the appropriate deferred account balance as of**
15 **September 30, 2022?**

16 A. Based on our review of the Company’s monthly deferred account
17 filings and the Public Staff’s conclusion that the gas costs are
18 prudently incurred, the Public Staff has determined that the
19 appropriate ending balance in Frontier’s Deferred Gas Cost
20 Account at September 30, 2022, is a \$1,005,001 debit balance
21 owed to Frontier from customers, as shown on Schedule 8 of

1 Company witness Bell's testimony. The following table summarizes
 2 the activity in Frontier's Deferred Gas Cost Account for the current
 3 review period:

Filed Deferred Account Balance - October 1, 2021	\$127,686
Gas Cost True-up	959,007
Transportation Customer Balancing True-up	(126,353)
Interest	47,030
Supplier Refund & Corrections	(2,369)
Public Staff Recommended Deferred Account Balance - September 30, 2022	<u>\$1,005,001</u>

4 **Q. Has the Company continued to use the appropriate interest**
 5 **rate in the deferred account?**

6 A. Yes. In its Order on Annual Review of Gas Costs issued on June 8,
 7 2018, in Docket No. G-40, Sub 145, the Commission concluded
 8 that Frontier should use the net-of-tax overall rate of return of
 9 6.60% as the applicable interest rate on all amounts over-collected
 10 or under-collected from customers reflected in its Deferred Gas
 11 Cost Account, effective January 1, 2018.

12 **Q. Did the Company have any changes to its deferred account**
 13 **interest rate as part of this proceeding?**

14 A. Yes. Pursuant to Commission Order issued on December 6, 2022,
 15 in this docket, Frontier: filed supplemental direct testimony and
 16 exhibits calculating the annual interest rate approved in Finding Of
 17 Fact No.16 of the Commission Order dated June 8, 2018, in Docket
 18 No. G-40, Sub 145; provided corrected supplemental testimony on
 19 January 18, 2023; and determined that an adjustment to the

1 interest rate was necessary. The Company calculated a net-of-tax
2 interest rate of 5.67% for all deferred accounts, adjusted as
3 appropriate for income taxes. This rate will be applicable to the
4 deferred account balances, to become effective on January 1,
5 2023, upon Commission approval in this docket as provided in the
6 Company's tariff. The Public Staff has reviewed the Company's
7 interest rate calculations and found that it was appropriate for
8 Frontier to change its interest rates from 6.60% to 5.67%. The
9 Public Staff will continue to review the interest rate each month to
10 determine if an adjustment is needed.

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

12 **A.** Yes, it does.

QUALIFICATIONS AND EXPERIENCE

HEMANTH MEDA

I graduated from University of Wollongong, Australia with a Master of Professional Accounting degree. I also received Master of Commerce and Bachelor of Commerce degrees from Osmania University, Hyderabad, India.

I am licensed Certified Public Accountant in the State of North Carolina.

I joined the Public Staff Accounting Division as a Financial Analyst in May 2022. Prior to joining the Public Staff, I was employed as Senior Financial Analyst with Swissport USA. I have over twenty years of progressive experience in accounting and finance across various industries.

Since joining the Public Staff, I am responsible for: (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by utilities and other parties involved in Commission proceedings; and (2) the preparation and presentation to the Commission of testimony, exhibits, and other documents in those proceedings.

QUALIFICATIONS AND EXPERIENCE

SONJA R. JOHNSON

I am a graduate of North Carolina State University with Bachelor of Science and Master of Science degrees in Accounting. I was initially an employee of the Public Staff from December 2002 until May 2004 and rejoined the Public Staff in January 2006. I became the Accounting Division's Financial Manager for Natural Gas and Transportation in May 2022.

As a Financial Manager, I am responsible for the performance and supervision of the following activities: (1) the examination and analysis of testimony, exhibits, books and records, and other data presented by utilities and other parties under the jurisdiction of the Commission or involved in Commission proceedings; and (2) the preparation and presentation to the Commission of testimony, exhibits, and other documents in those proceedings.

Since joining the Public Staff in December 2002, I have filed testimony or affidavits in several water and sewer general rate cases. I have also filed testimony in applications for certificates of public convenience and necessity to construct water and sewer systems and noncontiguous extension of existing systems. My experience also includes filing affidavits in several fuel clause rate cases and Renewable Energy and Energy Efficiency Portfolio Standard (REPS) cost recovery cases for the utilities currently organized as Duke Energy Carolinas, LLC, Duke Energy Progress, LLC, and Virginia Electric and Power

Company d/b/a Dominion North Carolina Power. I have performed numerous audits and/or presented testimony and exhibits before the Commission addressing a wide range of natural gas topics.

While away from the Public Staff, I was employed by Clifton Gunderson, LLP. My duties included the performance of cost report audits of nursing homes, hospitals, federally qualified health centers, intermediate care facilities for the mentally handicapped, residential treatment centers and health centers.