

TOCCOA NATURAL GAS
DOCKET NO. G-41, SUB 56
CORRECTED TESTIMONY OF NEHA R. PATEL
ON BEHALF OF
THE PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION
OCTOBER 20, 2021

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **PRESENT POSITION.**

3 A. My name is Neha R. Patel, and my business address is 430 North
4 Salisbury Street, Raleigh, North Carolina. I am Manager of the
5 Natural Gas Section of the Energy Division of the Public Staff. My
6 qualifications and experience are provided in Appendix A.

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
8 **PROCEEDING?**

9 A. The purpose of my testimony is to: (1) present my conclusions as to
10 whether the gas costs charged to North Carolina operations by
11 Toccoa Natural Gas (Toccoa or Company) during the 12-month
12 review period ended June 30, 2021, were prudently incurred,
13 (2) discuss my review of the gas cost information filed by Toccoa in
14 accordance with G.S. 62-133.4(c) and Commission Rule
15 R1-17(k)(6), and (3) make my recommendation regarding any
16 temporary rate increments or decrements.

1 **Q. PLEASE DESCRIBE TOCCOA AND ITS OPERATIONS IN**
2 **NORTH CAROLINA.**

3 A. Toccoa is a municipal corporation created by the laws of the State
4 of Georgia. It has been providing natural gas service in Georgia
5 since 1952, and in Macon County, North Carolina since 1998.
6 Toccoa is a ~~full requirements wholesale customer~~ **charter member**
7 of the Municipal Gas Authority of Georgia (Gas Authority), **the**
8 **largest non-profit joint action natural gas agency in the nation,**
9 which manages its capacity, storage, and supply contracts.

10 Toccoa's total sales volume for the annual review year ended
11 June 30, 2021, was 1,372,278 dekatherms (dts), of which 139,136
12 dts (10.14%) were sold in North Carolina.

13 It is expected that Toccoa will experience incremental growth as the
14 expansion of its system continues. As necessary, the Gas
15 Authority assists Toccoa in acquiring the most cost effective
16 combination of pipeline, storage and peaking capacities on the
17 system of Transcontinental Gas Pipe Line Company, LLC
18 (Transco), based on least cost and operational flexibility.

19 **Q. PLEASE EXPLAIN HOW YOU CONDUCTED YOUR REVIEW.**

20 A. I have reviewed: (1) the testimony and exhibits of the Company's
21 witnesses, (2) the Company's monthly Deferred Gas Cost Account
22 reports and monthly operating reports, (3) the gas supply, pipeline

1 transportation and storage contracts, and (4) the Company's
2 responses to Public Staff data requests. The responses to the
3 Public Staff's data requests contained information related to
4 Toccoa's gas purchasing philosophies, customer requirements,
5 design day analysis, and gas portfolio mixes. The Public Staff had
6 two virtual meetings with the Gas Authority.

7 **Q. WHAT IS THE RESULT OF YOUR EVALUATION OF TOCCOA'S**
8 **GAS COSTS?**

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

11 **Q. WHAT OTHER ITEMS DID YOU REVIEW?**

12 A. Even though the scope of Commission Rule R1-17(k) is limited to a
13 historical review period, the Public Staff's Energy Division also
14 considers other information received pursuant to the data requests
15 in order to anticipate the Company's requirements for future needs,
16 including design day estimates, forecasted gas supply needs,
17 projection of capacity additions and supply changes, and customer
18 load profile changes.

19 **DESIGN DAY REQUIREMENTS**

20 **Q. AS TO THE COMPANY'S FUTURE CAPACITY**
21 **REQUIREMENTS, WHAT DID YOU REVIEW AND HAVE YOU**
22 **DRAWN ANY CONCLUSIONS FROM YOUR REVIEW?**

1 A. I reviewed the Company's testimony and information submitted by
2 the Company in response to data requests that dealt with how well
3 the projected firm demand requirements aligned with the available
4 capacity in the future.

5 I also performed independent calculations utilizing the Company's
6 assumptions, and I concluded that it appears that the Company has
7 adequate capacity to meet firm demand for the next five winter
8 seasons.

9 **TEMPORARY INCREMENTS OR DECREMENTS**

10 **Q. DO YOU RECOMMEND ANY CHANGES TO THE TEMPORARY**
11 **INCREMENTS OR DECREMENTS FOR TOCCOA?**

12 A. Yes. Toccoa currently has a decrement in rates to refund its credit
13 deferred account balance from the prior review period of \$26,478.
14 During the current review period, Toccoa's deferred account
15 balance has increased to a credit balance of \$46,680 since the last
16 review period.

17 Therefore, I propose a temporary rate decrement of \$0.4470 per dt
18 calculated using the deferred account credit balance of \$46,680
19 divided by 104,439 dts, the North Carolina firm sales volumes for
20 the review period ended June 30, 2021. I recommend that this
21 temporary rate decrement be approved for all North Carolina firm
22 sales customers effective the first day of the month following the

1 date of the Commission's order in this proceeding. I also
2 recommend that the current decrement of \$0.4397 per dt that was
3 placed into rates effective January 1, 2018, pursuant to the
4 Commission's Order on Annual Review of Gas Costs issued
5 December 20, 2017, in Docket No. G-41, Sub 50, be removed.

6 I further recommend that Toccoa continue to monitor the balance in
7 its Deferred Account and file a request to implement new temporary
8 increments or decrements, as needed, through the Purchased Gas
9 Cost Adjustment mechanism to avoid significant over-collection or
10 under-collection of its gas costs. It is my understanding that
11 Toccoa does not oppose these recommendations.

12 **Q. ARE THE TEMPORARY RATE INCREMENTS OR**
13 **DECREMENTS CALCULATED DIFFERENTLY FOR TOCCOA?**

14 A. Yes. In general, temporary increments or decrements for a local
15 distribution company (LDC) are calculated using the Deferred
16 Account Balance at the end of the review period divided by
17 volumes from an LDC's last general rate case. As Toccoa has
18 never had a general rate case, the Public Staff has previously
19 recommended, and the Commission has previously approved,
20 using the North Carolina firm sales volumes from the review period
21 instead in this calculation as stated above.

1 Q. WHAT EFFECT DOES THIS CHANGE IN TEMPORARIES HAVE
2 ON THE TYPICAL RESIDENTIAL BILL?

3 A. Since the proposed decrement in the instant docket is higher than
4 the one currently in rates, customers will experience a decrease in
5 their bills. Therefore, the typical residential customer bill will
6 decrease by \$0.32 per year due to this rate change.

7 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

8 A. Yes, it does.

APPENDIX A**QUALIFICATIONS AND EXPERIENCE
NEHA PATEL**

I graduated from the University of Mumbai in 1995 with a Bachelor of Science degree in Electronic Engineering. I began working as a Utilities Engineer with the Natural Gas Division of the Public Staff in the spring of 2014. In 2020, I became Manager of the Natural Gas Section of the Energy Division.

I have worked on purchased gas cost adjustment procedures, tariff filings, customer utilization trackers, special contract review and analysis, weather normalization adjustments, customer complaint resolutions, integrity management riders, franchise exchange filings, compressed natural gas special contracts, peak day demand and capacity calculations, fuel and electric usage trackers, gas resellers, annual review of gas costs proceedings, renewable natural gas filings, cost of service studies, general rate case proceedings, and rate design.