

March 10, 2023

VIA ELECTRONIC FILING

Ms. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street, Dobbs Building
Raleigh, North Carolina 27603

Re: Docket No. G-40, Sub 171

Dear Ms. Dunston:

Pursuant to Ordering Paragraph 4 of the Commission's March 2, 2023 *Order Excusing Expert Witnesses, Canceling Expert Witness Hearing, Requiring Additional Testimony, and Requiring Proposed Orders*, Frontier Natural Gas Company hereby submits the Second Supplemental Direct Testimony, Revised Schedules, and Direct Exhibit of Nathan Bell in the above-referenced docket.

Thank you for your assistance with this matter. If you have any questions regarding this filing, you may reach me at the number shown above.

Sincerely,

/s/ Brian L. Franklin
Brian L. Franklin

BLF/nh

Enclosures

cc: Elizabeth Culpepper
Megan Jost
Gina Holt
Nathan Bell
Taylor Younger
Amy Brown
James H. Jeffries IV
Mason Maney

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached is being served this date upon all parties to this docket electronically or by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, at the addresses contained in the official service list in this proceeding.

This, the 10th day of March, 2023.

/s/ Niesha Heverly
Niesha Heverly

State of North Carolina

**North Carolina Utilities Commission
Raleigh**

Docket No. G-40, Sub 171

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION:

In the Matter of)
)
Application of Frontier Natural Gas)
Company for Annual Review of)
Gas Costs Pursuant to G.S. 62-133.4(c))
and Commission Rule R1-17(j)(6))

**SECOND SUPPLEMENTAL
DIRECT TESTIMONY,
REVISED SCHEDULES &
SECOND SUPPLEMENTAL DIRECT EXHIBIT
OF
NATHAN BELL**

March 10, 2023

1 **Q. Please state your name, business address, by whom you are employed and in**
2 **what capacity.**

3 A. My name is Nathan Bell. My business address is 110 PGW Drive, Elkin, North
4 Carolina, 28621. I am employed by Frontier Natural Gas Company (“Frontier” or
5 the “Company”), as the President.

6 **Q. Have you previously filed testimony in this proceeding?**

7 A. Yes, I prefiled Direct Testimony in this proceeding on December 1, 2022, and
8 prefiled Supplemental Direct Testimony in this proceeding on January 9, 2023.

9 **Q. What is the purpose of your Second Supplemental Direct Testimony in this**
10 **proceeding?**

11 A. The purpose of my Second Supplemental Direct Testimony is to provide additional
12 information to the Commission that it requested in its *Order Excusing Expert*
13 *Witnesses, Canceling Expert Witness Hearing, Requiring Additional Testimony,*
14 *and Required Proposed Order* (“Order”), issued on March 2, 2023.

15 **Q. Do you have any exhibits to your Second Supplemental Direct Testimony?**

16 A. Yes, Bell Second Supplemental Direct Exhibit 1 is attached and described later in
17 this testimony.

18 **Q. Was this exhibit prepared by you or under your direction?**

19 A. Yes.

20 **Q. What schedules have you caused to be prepared?**

21 A. The following schedules were prepared under my supervision and are attached to
22 this testimony:

23 Revised Schedule 1 – Summary of Cost of Gas Expense

1 Revised Schedule 4 – Summary of Other cost of Gas Charges (Credits)

2 Revised Schedule 8 – Summary of Deferred Account Activity

3 **Q. In its Order, the Commission noted that the Total Gas Cost Adjustment on**
4 **your Direct Testimony Schedule 4, \$2,838, is not the same as the Total Gas**
5 **Cost Adjustment on your Direct Testimony Schedule 8, \$2,368.98. Can you**
6 **explain this discrepancy?**

7 A. Yes. The discrepancy is a result of errors made in the originally filed schedules. I
8 have included Revised Schedules 1, 4, and 8 to correct these errors. Two of the
9 balances included as Other Adjustments on original Schedule 8 were not properly
10 linked to original Schedule 4, line 3 which then also led to a difference on original
11 Schedule 1, line 3. The two Other Adjustments omitted from original Schedule 4
12 were related to an error correction in January 2022 and a reimbursement of gas from
13 an insurance claim in May 2022. Once the linking of the original Schedule 4 and
14 original Schedule 8 was corrected, the balance on Revised Schedule 4, line 3 is now
15 properly reflected as \$2,368, which agrees to Revised Schedule 8. The total balance
16 on Revised Schedule 4 is now (\$830,284) compared to (\$829,816) as shown on the
17 original Schedule 4. Revised Schedule 1, line 3 now reflects the updated
18 (\$830,284), and total costs on Revised Schedule 1 are now \$9,439,186, compared
19 to \$9,439,654 as shown on the original Schedule 1.

20 **Q. With respect to Schedule 8 of your Direct Testimony, can you explain the**
21 **calculations and supporting documentation used to calculate the interest**
22 **amounts from April 2022 to September 2022?**

1 A. Yes. In the “Interest Adjustment” section of Bell Second Supplemental Direct
2 Exhibit 1 to my testimony, attached hereto, the calculations are shown. The interest
3 is calculated based on the balance in the deferred account at the beginning of the
4 month multiplied by the approved interest rate of 6.6% annually (or .55% monthly).
5 Additionally, due to the timing of receipt of actual gas costs and the impact that had
6 on the monthly interest rate calculation, Frontier and the Public Staff had slight
7 differences beginning in April 2022 for the interest rate calculation. As the
8 differences were trivial in nature, Frontier agreed to adjust the interest for each
9 month in question downward in order to agree with the ending balance in the
10 deferred account as calculated by the Public Staff. The differences are shown in the
11 column labeled as ‘Manual Adjustment to Agree to Public Staff Calculations’.

12 **Q. With respect to Schedule 8 of your Direct Testimony, can you explain the**
13 **calculations and supporting documentation used to calculate the Gas Cost**
14 **True-up from March 2022 to September 2022?**

15 A. Yes. In the “Gas Cost Adjustment” section of Bell Second Supplemental Direct
16 Exhibit 1 to my testimony, I have included a comparison for each month of how
17 the calculation was completed. The actual costs incurred by Frontier for gas from
18 our supplier and related pipeline transportation costs are compared to the costs
19 billed to customers based on the volumes and the approved benchmark rate for the
20 given month, with the difference being the net adjustment for the gas cost true up
21 portion of deferred account.

1 **Q. With respect to Schedule 8 of your Direct Testimony, can you explain the**
2 **calculations and supporting documentation used to calculate the**
3 **Transportation Balancing True-up from March 2022 to September 2022?**

4 A. Yes. In the “Transport Adjustment” section of Bell Second Supplemental Direct
5 Exhibit 1 to my testimony, the calculations are shown. Similar to the Gas Cost
6 Adjustment described above, the Transport Adjustment is calculated by comparing
7 actual gas costs billed or paid to Frontier by our supplier for over or under usage
8 compared to the amounts billed or paid by Frontier to suppliers who service
9 transportation customers on our system based on the approved benchmark gas rate
10 for Frontier. The difference between the actual cost billed or paid to our supplier
11 and the amount billed or paid by Frontier to suppliers who serve the transportation
12 customers on our system is the net transport balancing portion of the net adjustment
13 to our deferred account.

14 **Q. Does this conclude your Second Supplemental Direct Testimony?**

15 A. Yes, it does.

**Frontier Natural Gas Company
Docket No. G-40, Sub 171**

**Bell Second Supplemental Direct
Exhibit 1**

Frontier Natural Gas Company
Docket No. G-40, Sub 171
Bell Second Supplemental Direct
Exhibit 1

Exhibit 1

	Gas Cost Adjustment						Transport Adjustment					Interest Adjustment			Ending Deferred Acct Balance	
	Beginning Deferred Acct Balance	Actual Gas Costs from Suppliers	Approved Benchmark Gas Cost Rate ^(A)	Gas Costs Charged to Customers based on Benchmark Cost	Gas Cost True- Up	Volume	Actual Gas Costs from Suppliers	Approved Benchmark Gas Cost Rate	Gas Costs Charged to Customers based on Benchmark Gas Cost	Transport Balancing True-Up	Calculated Interest per Frontier ^(B)	Manual Adjustment to Agree to Public Staff Calculations ^(C)	Total Interest for Month	Adjustments		
																Volumes
Mar-22	1,440,528	131,846	637,053	8.18	1,079,042	(441,989)	(982)	(6,003)	8.50	(8,346)	2,343	7,923	-	7,923	-	1,008,804
Apr-22	1,008,804	108,474	720,955	8.50	922,029	(201,074)	4,809	31,311	8.50	40,878	(9,567)	5,548	(197)	5,351	-	803,515
May-22	803,515	67,372	446,189	8.50	572,662	(126,473)	(3,374)	(34,105)	8.50	(28,678)	(5,427)	4,419	(156)	4,263	(4,062)	671,816
Jun-22	671,816	54,167	547,034	10.30	557,996	(10,962)	(710)	(24,143)	10.50	(7,455)	(16,688)	3,695	(129)	3,566	-	647,732
Jul-22	647,732	40,281	384,299	10.50	422,951	(38,652)	4,592	48,693	10.50	48,220	473	3,563	(124)	3,439	-	612,992
Aug-22	612,992	60,322	991,220	10.50	633,381	357,839	497	(7,371)	10.50	5,216	(12,587)	3,371	(116)	3,255	2,206	963,705
Sep-22	963,705	78,277	893,281	10.50	821,909	71,372	3,853	5,324	10.50	40,452	(35,128)	5,300	(248)	5,052	-	1,005,001

(A) In months with approved benchmark rate changes, the usage is allocated between prior month and current month. The prior month is charged based on the prior rate and the current month is charged based on updated rate so the total rate is not an exact match to the approved rate.

(B) 6.6% annually or .55% per month

(C) Due to the timing of the receipt of actual gas costs, a slight difference in the interest calculation between Frontier and the Public Staff was noted. As the difference was trivial in nature, Frontier agreed with the Public Staff prior to filing of the schedules to adjust the interest shown on the filed schedules to match the Public Staff calculations, which were lower than Frontier's

**Frontier Natural Gas Company
Docket No. G-40, Sub 171**

Revised Schedule 1

Frontier Natural Gas Company
Docket No. G-40, Sub 171
SUMMARY OF COST OF GAS EXPENSE
For the Twelve Months Ended September 30, 2022
Schedule 1

	ITEM	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Total
1	NC Demand and Storage Costs Expensed (Sch 2)	\$113,042	\$109,396	\$113,042	\$113,042	\$102,103	\$113,042	\$109,622	\$113,276	\$109,622	\$113,276	\$113,276	\$109,820	\$1,332,559
2	NC Commodity Costs Expensed (Sch 3)	571,001	830,898	1,019,083	1,365,620	1,294,505	518,560	503,450	427,261	439,993	315,458	862,099	788,983	\$8,936,911
3	Other Gas Costs Expensed (Sch 4)	(206,169)	(68,904)	(374,377)	(142,579)	(506,632)	439,646	210,641	135,962	27,650	38,179	(347,458)	(36,243)	(\$830,284)
4	Total Cost of Gas Expensed (Sum of L1 - L3)	\$477,874	\$871,390	\$757,748	\$1,336,083	\$889,976	\$1,071,248	\$823,713	\$676,499	\$577,265	\$466,913	\$627,917	\$862,560	\$9,439,186

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Mar 10 2023

**Frontier Natural Gas Company
Docket No. G-40, Sub 171**

Revised Schedule 4

Frontier Natural Gas Company
Docket No. G-40, Sub 171
SUMMARY OF OTHER COST OF GAS CHARGES (CREDITS)
For the Twelve Months Ended September 30, 2022
Schedule 4

	ITEM	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Total
	Deferred Account Activity													
1	Gas Cost True-up (excluding interest)	(210,886)	(74,047)	(391,954)	(162,403)	(509,655)	441,989	201,074	126,473	10,962	38,652	(357,839)	(71,372)	(959,006)
2	Transportation Cust Balancing True-up	4,717	4,512	17,577	19,943	3,023	(2,343)	9,567	5,427	16,688	(473)	12,587	35,129	126,354
3	Gas Cost Adjustment	-	631	-	(119)	-	-	-	4,062	-	-	(2,206)	-	2,368
4														
5	Total Other Cost of Gas	(206,169)	(68,904)	(374,377)	(142,579)	(506,632)	439,646	210,641	135,962	27,650	38,179	(347,458)	(36,243)	(830,284)

**Frontier Natural Gas Company
Docket No. G-40, Sub 171**

Revised Schedule 8

Frontier Natural Gas Company
Docket No. G-40, Sub 171
SUMMARY OF DEFERRED ACCOUNT ACTIVITY
For the Twelve Months Ended September 30, 2022
Schedule 8

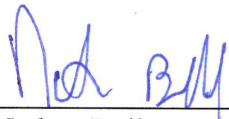
Month	Beginning Balance	Gas Cost True-Up	Adjustments	Transportation Balancing True-Up DB (CR)	Interest	Ending Balance
Oct-21	\$127,686.14	210,886.35		(4,716.75)	702.27	\$334,558.01
Nov-21	\$334,558.01	74,046.56	(631.45)	(4,512.02)	1,840.07	\$405,301.17
Dec-21	\$405,301.17	391,954.16		(17,576.57)	2,229.15	\$781,907.91
Jan-22	\$781,907.91	162,402.91	118.81	(19,942.84)	4,300.50	\$928,787.29
Feb-22	\$928,787.29	509,655.47		(3,023.40)	5,108.33	\$1,440,527.69
Mar-22	\$1,440,527.69	(441,989.13)		2,342.77	7,922.90	\$1,008,804.23
Apr-22	\$1,008,804.23	(201,074.31)		(9,566.80)	5,351.59	\$803,514.71
May-22	\$803,514.71	(126,472.68)	(4,062.48)	(5,426.85)	4,263.59	\$671,816.29
Jun-22	\$671,816.29	(10,961.63)		(16,688.00)	3,565.78	\$647,732.44
Jul-22	\$647,732.44	(38,651.73)		473.02	3,438.71	\$612,992.44
Aug-22	\$612,992.44	357,838.69	2,206.14	(12,587.16)	3,255.10	\$963,705.21
Sep-22	\$963,705.21	71,372.22		(35,128.56)	5,052.23	\$1,005,001.10
TOTALS		\$959,006.88	(\$2,368.98)	(\$126,353.16)	\$47,030.22	

STATE OF NORTH CAROLINA

VERIFICATION


COUNTY OF SURRY

Nathan Bell, being duly sworn, deposes and says that he is President of Frontier Natural Gas Company, that as such, he has read the foregoing and knows the contents thereof; and he believes that the facts set forth therein are true and correct.



Nathan Bell

Surry County, North Carolina
Signed and sworn to before me this day by Nathan Bell.

Date: 3/10/2023 

Notary Public

(Official Seal) My commission expires: 5/9/2026

