

**Before the  
North Carolina Utilities Commission**

**Docket No. G-9, Sub 781**

**General Rate Case**

**Settlement Testimony  
of  
Kally A. Couzens**

**On Behalf Of  
Piedmont Natural Gas Company, Inc.**

1 **Q. Ms. Couzens, please state your name and business address.**

2 A. My name is Kally Couzens. My business address is 4720 Piedmont Row  
3 Drive, Charlotte, North Carolina.

4 **Q. By whom and in what capacity are you employed?**

5 A. I am employed by Piedmont Natural Gas Company, Inc., (“Piedmont” or  
6 the “Company”) as the Manager of Rates & Regulatory Strategy.

7 **Q. Have you previously testified in this proceeding?**

8 A. Yes. I previously submitted prefiled direct testimony on March 22, 2021,  
9 supplemental testimony on July 28, 2021, and prefiled rebuttal testimony  
10 on August 25, 2021.

11 **Q. What is the purpose of your Settlement Testimony in this proceeding?**

12 A. My Settlement Testimony discusses the changes in the Company’s  
13 revenue allocation and rate design reflected in the Stipulation of Partial  
14 Settlement (“Stipulation”) between Piedmont and the Public Staff - North  
15 Carolina Utilities Commission (“Public Staff”), Carolina Utilities  
16 Customer Association, Inc. (“CUCA”) and Carolina Industrial Group for  
17 Fair Utility Rates IV (“CIGFUR”) (collectively the “Stipulating Parties”)  
18 on September 7, 2021.

19 **Q. Have you prepared any exhibits to accompany this Settlement  
20 Testimony?**

21 A. Not specifically to accompany this testimony. The exhibits prepared by  
22 me or under my direction are included in the Stipulation at Exhibits C1,  
23 C2, D, E1, E2, I, J1, J2, K1, K2, L1, and L2.

1 **Q. Do the revenue allocation changes and modifications to the**  
2 **Company's previously filed rate design recommendations as**  
3 **presented in the Stipulation and associated exhibits meet the**  
4 **parameters of just and reasonable rates?**

5 A. Yes, even though the Company put forth in its filing on March 22, 2021  
6 what it considered to be a reasonable rate design, in an effort to settle the  
7 case and try to accommodate the parties to this case, the stipulated rate  
8 design is also considered reasonable and does not unduly burden any of  
9 the customer classes and, therefore, should be accepted.

10 The rates agreed to as part of the Stipulation and reflected in the exhibits  
11 thereto were the product of give and take negotiations between the  
12 Stipulating Parties. Each party analyzed the settlement rates and  
13 concluded they were reasonable for purposes of settling this proceeding.  
14 The settlement rates based on the stipulated lower revenue requirement are  
15 also beneficial to customers as compared to Piedmont's initially proposed  
16 rates in this docket.

17 **Q. Please explain the stipulated rate design.**

18 A The rate design portion of the Stipulation reflects considerable  
19 compromise between the Stipulating Parties. As stated in Public Staff  
20 witness Floyd's testimony, rate design should follow the same cost  
21 causation approach underlying a cost of service study, but strict adherence  
22 to cost causation may not always be possible and other considerations  
23 must be considered. The stipulated revenue allocation included in

1 Stipulation Exhibits J1 and J2 was not spread across the board, but affords  
2 consideration to the varying rates of return as presented in the prefiled  
3 direct testimony of Piedmont witness Cynthia Menhorn and as cited by  
4 CUCA witness Kevin O'Donnell and CIGFUR witness Nicholas Phillips,  
5 Jr.

6 **Q. Were there any modifications to fixed cost of gas (demand) rates in**  
7 **this proceeding?**

8 A. Yes. The Stipulation reflects a fixed gas cost revenue increase to better  
9 align Piedmont's fixed gas cost revenue to the going-level of fixed gas  
10 cost expense. To determine the stipulated rates, the Company performed  
11 an analysis to establish the appropriate level of fixed gas costs by rate  
12 class based on the load characteristics of each rate class. Based on the  
13 results of the analysis, the Company allocated the revenue increase to the  
14 Residential, Small General, and Medium General Service rate schedules to  
15 better reflect the appropriate level of fixed gas cost revenues from these  
16 rate schedules. The rates to collect fixed gas costs for all other rate  
17 schedules remain unchanged. The methodology for computing the fixed  
18 gas cost allocation to the rate classes and the resulting rates is consistent  
19 with the methodology previously accepted by this Commission. The fixed  
20 gas cost rates and associated apportionment factors are presented in  
21 Exhibit D of the Stipulation.  
22

1 **Q. What are you requesting the Commission do in this case?**

2 A. I am requesting that the Commission, on the basis of the agreement  
3 reached among the Stipulating Parties and its own independent evaluation  
4 of all the evidence presented in this case, approve the rate design included  
5 in the Stipulation as just and reasonable.

6 **Q. Does this conclude your Settlement Testimony?**

7 A. Yes.