

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-9, SUB 726

In the Matter of

Application of Optima TH, LLC	)	
For Approval to Participate in	)	SUPPLEMENTAL FILING
Alternative Gas Pilot Program	)	

Piedmont Natural Gas Company, Inc. (“Piedmont”), through counsel and pursuant to the *Order Requesting Additional Information Concerning Receipt Interconnect Agreement* (“Order”) issued by the North Carolina Utilities Commission (“Commission”) in this docket on September 10, 2018, respectfully submits the following supplemental information regarding the Receipt Interconnect Agreement (“RIA”) with Optima TH, LLC (“Optima TH”).<sup>1</sup>

**BACKGROUND**

In its September 10, 2018 Order the Commission directed Piedmont to answer three questions regarding the form of RIA entered into between Optima TH and Piedmont. Those questions were appended to the Commission’s Order on Attachment A thereto and were filed on a non-public basis to preserve Piedmont’s designation of the RIA as a confidential trade secret of Piedmont. In the Order, the Commission also questioned Piedmont’s designation of the entire RIA as confidential and directed Piedmont to make a supplemental filing of the RIA which only redacted portions of the agreement consistent with the trade secrets guidelines of the Public Records Act. Piedmont hereby submits the following response to the Commission’s questions.

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<sup>1</sup> Piedmont is working on providing a revised and redacted version of the Optima TH RIA for filing with the Commission as directed by the Commission in its September 10, 2018 Order but will make that filing separately.

### **SUPPLEMENTAL INFORMATION**

Piedmont has reviewed the questions raised by the Commission in its September 10, 2018 Order and has no objection to the disclosure of either the questions asked by the Commission or Piedmont's answers thereto and, therefore, sets forth these question and Piedmont's responses below:

1. The version of Appendix F attached to the Receipt Interconnect Agreement filed by Optima TH appears to be an earlier version of Appendix F, as compared to the Revised Version of Appendix F approved in the Appendix F Order. Explain why Optima TH and Piedmont are not using the Revised Version of Appendix F approved in the Appendix F Order.

**Response:** The Commission is correct that the version of Appendix F attached to the Optima TH RIA is not the version filed by Piedmont in response to the Commission's June 19, 2018 Order in Docket No. G-9, Sub 698. Instead, it is substantially the same as the version of Appendix F originally approved for Optima KV, LLC in Docket No. G-9, Sub 701. The logic for filing this version of Appendix F was threefold. First, there is no final approved version of Appendix F in Docket No. G-9, Sub 698 at this time so any filing which reflected the proposed revised version of Appendix F in that docket would not necessarily be final as to form. Second, the Commission has previously approved the form of Appendix F attached to the Optima TH RIA in Docket No. G-9, Sub 701, so that form has the advantage of at least a degree of Commission approval, which the proposed revised form in Docket No. G-9, Sub 698 does not.<sup>2</sup> Third, the form of Optima TH RIA includes language that provides for the ultimate revision of Appendix F to comply with the final version of Appendix F approved in Docket G-9, Sub 698 and the anticipated design and construction

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<sup>2</sup> Piedmont and Optima TH understand that the Optima KV form of Appendix F is in the process of revision in Docket No. G-9, Sub 698 but that process is not complete at this point.

schedule for the Piedmont facilities necessary to connect with Optima TH facilities (in excess of 12 months from the Commission's approval of the RIA) is such that Piedmont anticipates that a final form of Appendix F will be approved by the Commission in Docket No. G-9, Sub 698 well before any of the material provisions of the Optima TH RIA Appendix F become effective.

2. Article IA, Paragraph 1 of the Receipt Interconnect Agreement references "tap facilities ("Measurement Facilities")." What facilities and appurtenances are included under "tap facilities (Measurement facilities)?"

**Response:** In order to receive Alternative Gas from Optima TH, Piedmont will be required to construct facilities for the physical interconnection of its transmission system with the outlet of Optima TH's production facilities. This involves tapping Piedmont's transmission line and placing metering, pressure control, and testing equipment at the location of such interconnection. The precise nature, location, and configuration of such equipment can vary from one Alternative Gas project to another and is determined by Piedmont's engineers through a project specific engineering study of the proposed interconnect which is used to then develop the estimated cost of such interconnection or "Measurement Facilities." The facilities and equipment Piedmont anticipates utilizing for interconnection with the Optima TH production facilities include, but are not limited to, the following: (1) a prefabricated building with HVAC; (2) fencing around the building and appurtenant interconnect facilities; (3) a gas chromatograph; (4) a sample conditioning system; (5) a moisture analyzer; (6) sample probes; (7) SCADA equipment; (8) an odorant injections skid system; (9) a backup generator with meter set; (10) pressure control valves; (11) remote operated valves; (12) regulators; (13) a meter set; (14) a meter corrector; (15) filters; (16) relief

- valves; (17) ball valves; (18) check valves; (19) piping and supports; (20) miscellaneous flanges, elbows, tees, unions, insulators and valve boxes; (21) miscellaneous terminal boards, modules and panels; (22) security and fire alarm instrumentation and controls; and (23) associated electrical wiring.
3. Article IA, Paragraph 4 of the Receipt Interconnect Agreement explicitly requires Optima TH to demonstrate to Piedmont's reasonable satisfaction that it has successfully completed the first two gas quality tests prior to commencement of commissioning of Piedmont's Measurement facilities. That requirement does not appear to be consistent with the testing provisions of the revised Appendix F filed with the Commission on October 26, 2017, and accepted by the Commission in its June 19, 2018 Appendix F Order. Is Optima TH agreeing to a more restrictive initial testing requirement? If so, why?

**Response:** While this question is directed to Optima TH, Piedmont would answer that Optima TH has agreed to the testing regimen contained in the original form of Appendix F filed in Docket Nos. G-9, Sub 698, Sub 699, and Sub 701. This testing regimen is slightly more restrictive than that set forth in revised proposed Appendix F pending Commission action in Docket No. G-9, Sub 698 (and more restrictive than the revised Appendix F filed by Piedmont on October 26, 2017 in Docket No. G-9, Sub 698). Having acknowledged that, neither Piedmont nor Optima TH anticipate that this more restrictive testing regimen will ever be actually applied because the form of Appendix F reflected in the Optima TH RIA will be superseded upon a Commission Order in Docket No. G-9, Sub 698 approving the final form of Appendix F in that docket. Piedmont anticipates such approval will occur long before the material provisions of the Appendix F attached to the Optima TH RIA come into play due to the significant design and construction timeline associated with the Piedmont Measurement Facilities for Optima TH mentioned above. Piedmont is authorized to represent to the Commission that Optima TH agrees with this assessment.

### **CONCLUSION**

Piedmont respectfully requests that the Commission accept the responses to the Commission's questions from its September 10, 2018 Order in this proceeding as set forth herein.

This the 21st day of September, 2018.

**Piedmont Natural Gas Company, Inc.**

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the attached is being served this date upon all of the 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 21<sup>st</sup> day of September, 2018.

/s/ Alyssa C. Small  
Alyssa C. Small