

FRONTIER NATURAL GAS COMPANY

DOCKET NO. G-40, SUB 163

TESTIMONY OF JORDAN A. NADER

ON BEHALF OF

THE PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION

February 14, 2022

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

3 A. My name is Jordan A. Nader 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**
8 **PROCEEDING?**

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

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

2 A. I reviewed the testimony and exhibits of the Company's witnesses
3 and the Company's monthly Deferred Gas Cost Account reports, gas
4 supply and pipeline transportation contracts, monthly reports filed
5 with the Commission in Docket No. G-100, Sub 24A, and responses
6 to Public Staff data requests.

7 In addition, the Public Staff had follow-up technical discussions with
8 Frontier regarding the data request responses.

9 Even though the scope of Commission Rule R1-17(k) is limited to a
10 historical review period, I considered other information received
11 pursuant to the data requests in order to anticipate the Company's
12 requirements for future needs, including design day estimates,
13 forecasted gas supply needs, projection of capacity additions and
14 supply changes, and customer load profile changes.

15 **Q. WHAT IS THE RESULT OF YOUR EVALUATION OF FRONTIER'S**
16 **GAS COSTS?**

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

19 **CUSTOMER GROWTH**

20 **Q. HOW HAVE FRONTIER'S CUSTOMERS AND THROUGHPUT**
21 **CHANGED SINCE THE COMPANY'S LAST ANNUAL REVIEW OF**
22 **GAS COSTS PROCEEDING?**

1 A. Table 1 reflects Frontier's year to year customer growth rate of
 2 7.45%, which is approximately three times the growth rate of other
 3 local distribution companies in North Carolina. The current review
 4 period saw an increase of 0.44% Heating Degree Days (HDD) from
 5 the last review period. This limited change in weather year to year
 6 suggests that customer and sales growth in the review period were
 7 primarily driven by system expansion instead of weather. The overall
 8 Sales and Transportation volumes (expressed in dekatherms (dts))
 9 increased by 5.85% relative to the 2020 review period.

10 Table 1: Customer Growth

<u>Frontier Natural Gas Company Sub 24A</u>	<u>2020 Review</u>	<u>2021 Review</u>	<u>Change</u>
Number of Customers (September 30)	4,401	4,729	7.45%
Sales Volume (dts)	1,207,352	1,341,426	11.10%
Transportation Volume (dts)	2,799,161	2,899,379	3.58%
Total Sales & Transportation Volumes (dts)	4,006,513	4,240,805	5.85%

12 **AVAILABLE SUPPLY AND CAPACITY RESOURCES**

13 **Q. DID FRONTIER HAVE ANY CHANGES TO ITS GAS SUPPLY AND**
 14 **PIPELINE CAPACITY DURING THE REVIEW PERIOD?**

15 A. No. As stated in witness Younger's testimony, Frontier has not made
 16 any changes to its gas supply and pipeline capacity during the
 17 current review period. Frontier's current Asset Management
 18 Agreement (AMA) executed on April 1, 2020, with UGI Energy
 19 Services, LLC (UGI) for 20,000 Dekatherms (dts) Maximum Daily
 20 Quantity has a current expiration date of March 31, 2023. The AMA
 21 contains a Renewal/Termination Clause that will automatically renew

1 for a subsequent 12-month period beginning the day after the term
2 expiration, unless written notice is provided by either party at least
3 90 days prior to the expiration of the term.

4 Frontier currently has a total of 8,613 dts per day of contracted
5 pipeline capacity on the Transcontinental Gas Pipeline Company,
6 LLC (Transco) interstate pipeline. The Company indicated in a data
7 request response that they are evaluating all options for expanded
8 pipeline capacity. The Public Staff agrees with Frontier's continued
9 evaluation for system capacity expansion.

10 **DESIGN DAY REQUIREMENTS**

11 **Q. HAVE YOU REVIEWED FRONTIER'S PRIOR SYSTEM PEAKS**
12 **RELATIVE TO ITS FORECASTED DESIGN DAY PEAKS?**

13 A. Yes. Frontier's peak day during the review period was January 28,
14 2021, with firm customers utilizing 10,362 dts. Since January 2012,
15 Frontier's total firm peak system flow was January 21, 2019, at
16 12,195 dts. This is less than the Peak Day of 12,895 dts that Frontier
17 has modeled for Year 1 and is 65% of the Peak Day in Year 5.

18 **Q. DO YOU HAVE ANY RECOMMENDATIONS REGARDING HOW**
19 **FRONTIER IS PLANNING TO MEET FUTURE SYSTEM**
20 **DEMAND?**

21 A. As in the recent past, Frontier has provided the Design Day study
22 prepared by Marquette Energy Analytics (Marquette). I have
23 evaluated this report and find that it provides a reasonable forecast

1 of Frontier's peak day demand using reasonable assumptions, such
2 as HDDs and frequency of occurrence of cold weather events. In
3 response to a Public Staff data request, the Company stated that,
4 pursuant to its contract with Marquette, it is provided with an annual
5 report forecasting monthly expected max flow and a daily expected
6 average flow in dekatherms for the upcoming year on Frontier's
7 system. For the current review period, Frontier used Marquette's
8 monthly expected max flow plus a growth factor based on historical
9 five-year averages to project the peak day flow for each month of the
10 next five years. In addition, Frontier increased the expected peak day
11 projection provided by Marquette to include coverage for marketer
12 imbalance in its Expected Nomination. Based on the application of
13 this report, I believe Frontier has adequate capacity to serve its firm
14 customers on its peak day.

15 **DEFERRED ACCOUNT BALANCE**

16 **Q. WHAT IS YOUR RECOMMENDATION REGARDING ANY**
17 **PROPOSED INCREMENTS/DECREMENTS?**

18 A. Public Staff witness Allison states in his testimony that he agrees
19 with Frontier's deferred account balance of \$127,686 owed to the
20 Company by the customers.

21 Company witness Bell stated in his testimony that Frontier
22 anticipates the balance to remain consistent throughout the winter

1 months. The Public Staff notes that the deferred account balances
2 vary between winter and summer months, as gas costs are typically
3 over-collected during the winter period when throughput is higher
4 due to heating load and under-collected during the summer due to
5 lower throughput.

6 In response to a Public Staff data request, the Company stated that
7 it will monitor gas pricing to determine if it necessitates the filing of a
8 Purchased Gas Adjustment (PGA) pursuant to N.C.G.S § 62-133.4,
9 but further stated that a PGA filing is not expected during the winter
10 months at this time.

11 I recommend that Frontier monitor the deferred account balance and,
12 if necessary, file an application for authority to adjust its benchmark
13 delivered cost of gas through its PGA mechanism in order to keep
14 the deferred account balance at a reasonable level. I believe the
15 Company is actively managing its deferred account through the PGA
16 procedures, and do not recommend any temporary rate increments
17 or decrements at this time.

18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

19 **A.** Yes, it does.

QUALIFICATIONS AND EXPERIENCE

JORDAN A. NADER

I graduated from The Ohio State University with a Bachelor of Science in Mechanical Engineering in 2014 and the University of Dayton with a Master of Science degree in Mechanical Engineering in 2017.

Prior to joining the Public Staff, I worked in Ohio as an Energy Engineer with Go Sustainable Energy, LLC. During that time, I conducted industrial energy audits, provided third party measurement and verification of electric utility energy efficiency programs, and commissioning work for local library system. In addition, I worked as an Analyst for Runnerstone, LLC providing technical expertise and analysis to large energy users in Ohio. This included quantifying the potential costs of pending legislation and/or regulation and the impacts it could have on ratepayers.

I joined the Public Staff in November of 2021 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, and Design Day Demand and Capacity Calculations.