

**TOCCOA NATURAL GAS**  
**DOCKET NO. G-41, SUB 55**  
**TESTIMONY OF ZARKA H. NABA**  
**ON BEHALF OF**  
**THE PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION**  
**OCTOBER 20, 2020**

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

3 A. My name is Zarka H. Naba, and my business address is 430 North  
4 Salisbury Street, Raleigh, North Carolina. I am a Utilities Engineer  
5 with the Energy Division of the Public Staff. My qualifications and  
6 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 (1) to 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, 2020, were prudently incurred, and  
13 (2) to discuss my review of the gas cost information filed by Toccoa  
14 in accordance with G.S. 62-133.4(c) and Commission Rule R1-  
15 17(k)(6), and (3) my recommendation regarding any temporary rate  
16 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 of the Municipal  
7 Gas Authority of Georgia (Gas Authority), which manages its  
8 capacity, storage, and supply contracts.

9 Toccoa's total sales volume for the annual review year ended  
10 June 30, 2020, was 1,346,541 dekatherms (dts), of which 154,646  
11 dts (11.48%) were sold in North Carolina.

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

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

20 A. I have reviewed the testimony and exhibits of the Company's  
21 witnesses, the Company's monthly Deferred Gas Cost Account  
22 reports, monthly operating reports, the gas supply, pipeline  
23 transportation and storage contracts, and the Company's

1 responses to Public Staff data requests. The responses to the  
2 Public Staff's data requests contained information related to  
3 Toccoa's gas purchasing philosophies, customer requirements,  
4 design day analysis, and gas portfolio mixes.

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

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

9 **Q. WHAT OTHER ITEMS DID THE ENERGY DIVISION REVIEW?**

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

17 **DESIGN DAY REQUIREMENTS**

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

21 A. I reviewed the Company's testimony and information submitted by  
22 the Company in response to data requests that dealt with how well

1 the projected firm demand requirements aligned with the available  
2 capacity in the future.

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

7 **TEMPORARY INCREMENTS OR DECREMENTS**

8 **Q. HOW DO YOU DETERMINE THE TEMPORARY RATE**  
9 **INCREMENTS OR DECREMENTS FOR TOCCOA?**

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

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

20 A. No. Based on Company witness Tripp's testimony, Toccoa's  
21 Deferred Account balance as of June 30, 2020, is a credit balance  
22 of \$26,478, owed to customers from the Company. While the Public

1 Staff would typically use this deferred account balance to  
2 recommend a new rate decrement to refund this credit balance, we  
3 instead have found that Toccoa has not been able to refund its  
4 Deferred Account balance for the prior two review periods, due to  
5 warmer winter weather. At the end of August 2020, the over-  
6 collection had decreased to a credit balance of \$20,983, owed to  
7 customers.

8 Therefore, even though the calculation of a new decrement in the  
9 instant docket would be smaller than the one currently in rates, it is  
10 my recommendation that the Company leave the current decrement  
11 of \$0.4397 per dt in rates that was approved effective January 1,  
12 2018, in Docket No. G-41, Sub 50 in order that the balance may be  
13 refunded to customers in a timelier manner. The Public Staff made  
14 the same recommendation in Toccoa's prior annual review of gas  
15 costs proceeding in Docket No. G-41, Sub 54, which was approved  
16 by the Commission.

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

- 1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?
- 2 A. Yes, it does.

**QUALIFICATIONS AND EXPERIENCE**

ZARKA H. NABA

I graduated from The City University of New York with a Bachelor of Science degree in Environmental Engineering in 2017. I joined the Public Staff in September of 2017 with the Natural Gas Division. Prior to joining the Public Staff, I worked for the Department of Sanitation in New York as an Engineer Intern. My work to date includes General Rate Case Proceedings, Purchased Gas Cost Adjustment Procedures, Fuel Tracker & Power Cost Adjustments, Compressed Natural Gas Special Contracts, Annual Review of Gas Costs, Margin Decoupling Trackers, Gas Resellers, and Customer Complaint Resolutions.