

OFFICIAL COPY

350
CHARLOTTE

To: North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4300

July 19, 2019
FILED

From: Jerome Wagner
110 Summerlake Dr SW
Concord, NC 28025

G-9 Sub 743

JUL 25 2019

Clerk's Office
N.C. Utilities Commission

Subject: Objection to Requested Rate Increase by Piedmont Natural Gas dated April 1, 2019

Reference: Docket G-9, Sub 743

Commission Chair Mitchell, Commissioners Brown-Bland, Gray, Clodfelter, Dockham, and Patterson; and Public Staff:

I write on behalf of 350 Charlotte, a climate action advocacy group. We urgently counsel against any and all envisioned expansions of natural gas infrastructure – be those pipelines, compressor stations, liquified natural gas (LNG) facilities, or other. Further, we strenuously object to any ratepayer increases to Piedmont Natural Gas that relate to such expansion.

It is increasingly obvious that we – around the world and here at home in North Carolina – are already in the midst of climate disruption and global warming. The scientific predictions of up to 30 years ago are being seen routinely now as extreme heat events, strong storms, huge wildfires, and the like. And the prospect is that all continued use of fossil fuels will only worsen that situation – for our children and their children. Indeed, news outlets now refer to the “climate crisis” and Pope Francis has referred to the “climate emergency.”

The continued investment in fossil fuel infrastructure represents a generational injustice, especially when those same investments could be directed towards the build-out of renewable energy systems.

With those points in mind, it is imperative that the present rate increase request from Piedmont Natural Gas be rejected by the North Carolina Utilities Commission (NCUC).

Further – but not to distract from the above assertions – and in the interests of transparency, public availability, verification of “facts,” and interpretation of information in Piedmont’s rate request, we wish to see responses to the following questions and concerns:

From Mr. Yoho’s testimony: “The Petition filed by the Company proposes rate changes that would produce an overall increase in annual revenues of approximately \$83 million. This 9.0% increase in annual revenues is necessary to cover the costs, including a reasonable return on investment, of providing safe, adequate and reliable natural gas service to the Company’s customers in North Carolina.” The “approximately \$83 million” characterization was used in NCUC’s announcements about the rate case. Where is the derivation of the \$83 million figure provided? What specific and explicit

elements of increase and decrease are reflected? Are all of those allowable as ratepayer elements?
Where are the impacts on rates of this increase computed and documented?

How have the Utilities Commission and public staff validated the "approximately \$83 million" increase?

For many households, a 9% increase in prices will be a hardship. How is this balanced against the Company's desire for an increased return on investments?

From Mr. Yoho's testimony: "The total amount of invested capital in system growth since our last rate case is approximately \$1.2 billion. The total amount of invested capital in federal pipeline safety since our last rate case is approximately \$1.1 billion. This rate case will allow us to roll these amounts into our base rates in order to facilitate our ability to earn a reasonable return on these investments." What specific elements of cost are included here? Provide a table stating same. Where are computations of these presumed inclusions in increased rates provided? What period of years is allowed for pay-back on these investments? Are all these elements of cost truly assignable to ratepayers? What fraction of the proposed rate increase is assignable to these elements of cost?

In contrast to "approximately \$83 million" referred to above, docket item G-1 Item 4 (dated April 22, 2019) provides a distinct tabulation of increases and decreases. The increases total about \$546 million; the decreases total about \$201 million; for a net increase of about \$345 million. The line item descriptions in this tabulation are unintelligible to the common ratepayer. What is each quantified increase and decrease for? Are these relevant to the pending rate case or is this information extraneous? How do these relate to the "approximately \$83 million" and multi-billion-\$ costs related to above?

Referring to G-1 Item 4, line item 10: What does this line item relate to, explicitly? Does this relate to the Maxton LNG project and its pipelined supply interconnection? Does any item in this tabulation relate to the Maxton LNG facility? Does any item in this tabulation relate to the Atlantic Coast Pipeline (ACP)?

The NCUC announcement of the rate increase request stated "Under Piedmont's proposal, a typical residential customer using 91 therms of gas in the winter would see a monthly bill increase from about \$110 to about \$122. For a typical residential customer using 18 therms of gas in the summer, the monthly bill would increase from about \$29 to about \$31." How was this monthly bill increase computed? Where is the computation and its associated assumptions shown to the public? How has that value been validated? When would the requested increase become effective? Would this increase itself increase over coming years if the present rate increase request is approved? What are the potential price impacts to other classes of consumers, including "small general service," "medium general service," and "large interruptible general service" customers?

All proposed investments ought to be weighed against equivalent investments in renewable energy. What renewable (plus storage) capacity would need to be made to eliminate the need for any proposed

natural gas expansions? How much renewable (plus storage) capacity could be enabled with the investments here proposed?


What allowances are made in this request for construction of the ACP? If not represented in this request, when will increases to pay for same be requested? We counsel that construction and operation of the ACP is wholly objectionable.

What allowances are made in this request for construction of the LNG facility in Maxton (Robeson County, NC)? If not represented in this request, when will increases to pay for same be requested? We counsel that construction and operation of the Maxton LNG is wholly objectionable.

What allowances are made in this request for supply of natural gas to either existing or planned natural-gas-fired electric generating plants owned and/or operated by Duke Energy? If not represented in this request, when will increases to pay for same be requested? We counsel that any expansion of natural gas consumption by Duke Energy is wholly objectionable.

We await your reply to these concerns and questions.

Respectfully,


Jerome Wagner
Lead Organizer, 350 Charlotte
110 Summerlake Dr SW, Concord, NC 28025

cc: Mr. Jan Larsen, Director, Public Staff – NCUC, 4326 Mail Service Center, Raleigh, NC 27699-4300