

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-5, SUB 642

In the Matter of)	TESTIMONY OF
Application of Public Service Company)	JUSTIN A. NADER
of North Carolina, Inc. for Annual)	PUBLIC STAFF –
Review of Gas Costs Pursuant to)	NORTH CAROLINA
N.C. Gen. Stat. § 62-133.4(c) and)	UTILITIES COMMISSION
Commission Rule R1-17(k)(6))	

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
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TESTIMONY OF JORDAN A. NADER
ON BEHALF OF THE PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION

JULY 25, 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 a Public Utilities
5 Engineer in the Natural Gas Section of the Energy Division of the
6 Public Staff. My qualifications and experience are provided in
7 Appendix A.

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
9 **PROCEEDING?**

10 A. The purpose of my testimony is: (1) to provide recommendations
11 based on my conclusions regarding whether the gas costs incurred
12 by Public Service Company of North Carolina, Inc. (PSNC or
13 Company); during the 12-month review period ended March 31,
14 2022, were prudently incurred; (2) to provide my conclusions
15 regarding PSNC's short-term capacity and load forecast
16 requirements; and (3) to discuss my recommendations regarding

1 temporary rate increments and/or decrements.

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

3 A. I reviewed the testimony and exhibits of the Company's witnesses,
4 the Company's monthly deferred account reports, monthly financial
5 and operating reports, gas supply, pipeline transportation and
6 storage contracts, monthly reports filed with the Commission in
7 Docket No. G-100, Sub 24A, discussions with the Company, and the
8 Company's responses to Public Staff data requests.

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

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

17 A. Based on my investigation and review of the data in this docket, I
18 believe that PSNC's gas costs were prudently incurred for the 12-
19 month review period ending March 31, 2022.

LOAD FORECAST REQUIREMENTS

1

2 **Q. MR. NADER, DO YOU HAVE ANY COMMENTS REGARDING**
3 **COMPANY WITNESS JACKSON'S DIRECT EXHIBIT 1 AND**
4 **DISCUSSION REGARDING DESIGN-DAY DEMAND?**

5 A. Yes. I reviewed the Company's testimony and other information
6 submitted by the Company in response to data requests. I also
7 discussed with Company personnel the Company's projected firm
8 design-day demand requirements, available capacity for the
9 upcoming winter period and the available assets over the next five
10 years. PSNC's design-day demand model shows that PSNC has a
11 need for additional assets to meet projected design-day demand
12 requirements beginning in the 2022-2023 winter period. This is
13 discussed further in my testimony.

14 **Q. DO YOU HAVE ANY COMMENTS REGARDING THE**
15 **COMPANY'S SHORT-TERM AVAILABLE CAPACITY**
16 **RESOURCES?**

17 A. Yes. Public Staff has reviewed the Company's filed testimony and
18 exhibits, as well as data request responses provided by PSNC
19 regarding the Company's capacity resources. Included in Company
20 witness Jackson's testimony, Jackson Direct Exhibit 1, shows that
21 PSNC had a need for additional capacity to meet projected design-
22 day demand requirements beginning in the 2021-2022 winter period.

1 The Company contracted for a total of 55,000 dekatherms (dts) per
2 day of firm short-term peaking services from two different suppliers
3 to cover the design-day condition for that winter period. To meet the
4 expected capacity shortfall for the upcoming 2022-2023 winter
5 season, the Company has contracted for a total of 61,000 dts/day of
6 short-term firm peaking service¹. In addition, the Company has
7 indicated in a data request response its plans to issue an RFP for up
8 to 10,000 dts/day of additional firm peaking service.

9 Public Staff Witness Metz addresses the long-term firm capacity
10 resources in his testimony.

11 **Q. DO YOU HAVE ANY RECOMMENDATIONS REGARDING**
12 **PSNC'S DEFERRED ACCOUNT BALANCES AND ANY**
13 **PROPOSED TEMPORARY INCREMENTS OR DECREMENTS?**

14 A. Yes, I do. The Sales Customers' Only Deferred Account reflects a
15 debit of \$10,922,343, owed by customers to the Company as of
16 March 31, 2022. Public Staff Witnesses Johnson and Dorgan
17 discuss the March 31, 2022 Deferred Account balances for the
18 review period. Witness Johnson recommends that the credit balance
19 of \$9,818,653 in the Hedging Deferred Account as of the end of the
20 review period be transferred into the Sales Customers' Only Deferred
21 Account reflecting an Ending Balance of \$1,103,690 as presented by

¹ G-5, Sub 642-Direct testimony of Rose Jackson and Glory Creel-page 17

1 Witness Dorgan. The Public Staff notes that the Company has filed
2 updates in Docket No. G-5 Sub 639 for May 2022, recording a debit
3 balance of \$21,597,975 in the Sales Customers' Only Deferred
4 Account at the end of May 2022, which is \$16,415,894 greater than
5 the debit owed by customers to the Company as of May 31, 2021
6 (excluding any hedged deferred account balance).

7 The All Customers' Deferred Account reflects a debit balance of
8 \$26,767,209, owed by customers to the Company as of March 31,
9 2022. The Company has proposed to leave the current temporary
10 increments applicable to the All Customers' Deferred Account that
11 was placed in effect December 1, 2021. The Public Staff notes the
12 Company has filed updates in Docket No. G-5 Sub 639 for May 2022,
13 recording a debit balance in the All Customers' Deferred Account of
14 \$40,649,790 at the end of May 2022, which is \$23,172,814 greater
15 than the debit owed by customers to the Company as of May 31,
16 2021.

17 The Public Staff notes that deferred account balances naturally vary
18 between winter and summer months, since fixed gas costs are
19 typically over-collected during the winter period when throughput is
20 higher due to heating load and under-collected during the summer
21 when throughput is lower.

1 Pursuant to Article V of the Stipulation and Agreement filed on May
2 26, 2021, in FERC Docket No. RP20-614, PSNC received a refund
3 of \$192,902 on November 2021 from Transco and pursuant to
4 Section 54 of the General Terms and Conditions of its FERC tariff,
5 and a refund of \$38,388.96 that the Company recorded in the All
6 Customers' Deferred Account. Between December 2021 and March
7 2022, the Company received four separate refunds totaling \$922,878
8 from East Tennessee Natural Gas, LLC pursuant to rate case
9 refunds.

10 During the review period, PSNC made temporary increments to its
11 All Customers' Deferred Account and pursuant to N. C. Gen. Stat. §
12 62-133.4, used the Purchased Gas Adjustment (PGA) mechanism to
13 address the deferred account balances that needed to be collected
14 or refunded. Using the PGA mechanism allows for a quicker
15 implementation of temporaries that can address balances that are
16 more current.

17 Due to the current market prices, volatility in the markets, and the
18 Company's current deferred account balances, the Public Staff
19 recommends, after consultation with the Company, that the
20 Company consider filing this fall for approval to implement an
21 adjustment to its benchmark commodity cost of gas price and an
22 adjustment to its All Customers' Deferred Account. This

1 recommendation is based on expectations of forecasted gas costs
2 being elevated through the 2022-2023 winter heating season.

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

4 **A. Yes.**

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.