

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-9, SUB 710

In the Matter of:)	
)	
Application of Piedmont Natural Gas)	
Company, Inc. for Annual Review of Gas)	JOINT MOTION TO
Costs Pursuant to G.S. 62-133.4(c) and)	SUPPLEMENT THE RECORD
Commission Rule R1-17(k)(6))	
)	

Piedmont Natural Gas Company, Inc. (“Piedmont” or the “Company”) and the Public Staff – North Carolina Utilities Commission (“Public Staff”) respectfully move the Commission to supplement the record in this proceeding by allowing the Public Staff to substitute the revised pages to its joint testimony attached hereto for the original pages of such testimony. The purpose of such substitution is to correct minor errors in the Public Staff’s original testimony and ensure that the overall record in this docket is accurate and complete. In support of this Motion, Piedmont and the Public Staff respectfully show the Commission as follows:

1. In preparing their Joint Proposed Order in this docket, the Public Staff and Piedmont recently discovered several minor errors in the Public Staff’s testimony related to (a) the allocation of net proceeds from review period secondary market transactions and (b) the statement of Piedmont’s total gas costs.

2. With regard to the first error, the Public Staff’s original calculation of the allocated share of net proceeds for Piedmont’s secondary market transactions during the review period was slightly off due to a formula error that failed to take into account the special treatment of secondary market transaction between Piedmont and its affiliates provided for in the recent merger docket. This treatment provides for the

full crediting to customers of net proceeds for affiliate secondary market transactions rather than the customary 75/25 percent sharing ratio. The corrected figures for allocations of Piedmont's review period secondary market net proceeds are reflected on revised pages 13 and 14 attached hereto and incorporated by reference herein.

3. With regard to the second error, Public Staff's original testimony, at page 6, indicated that Piedmont's total review period gas costs were \$283,047,611 but the table on page 7 indicated that these costs were \$284,034,828. Revised page 6, attached hereto and incorporated by reference herein, corrects this inconsistency.

4. Piedmont and the Public Staff agree that the minor errors described above in the Public Staff's prefiled testimony should be corrected on the record of this proceeding and respectfully seek Commission authorization to make such corrections through acceptance of the revised testimony pages attached hereto as a supplement to the record in this docket.

5. Piedmont's undersigned counsel has consulted with counsel for CUCA, the only other party to this proceeding, regarding the relief requested herein and is authorized to represent to the Commission that CUCA has no objection to the supplementation of the record sought by Piedmont and the Public Staff by this motion.

6. Based on the foregoing, Piedmont and the Public Staff respectfully request that the Commission allow the record in this proceeding to be supplemented by accepting the revised Public Staff testimony pages attached hereto.

WHEREFORE, Piedmont and the Public Staff respectfully request that the Commission enter an order approving this motion to supplement the record in this docket and accepting the revised testimony pages attached hereto.

Respectfully submitted, this the 7th day of November, 2017.

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 7th day of November, 2017.

/s/ Richard K. Goley _____
Richard K. Goley

Revised Pages 13 and 14

SECONDARY MARKET ACTIVITIES

- 1
- 2 Q. MS. JAYASHEELA, PLEASE SUMMARIZE THE COMPANY'S
- 3 SECONDARY MARKET ACTIVITIES DURING THE REVIEW
- 4 PERIOD.
- 5 A. During the review period, the Company earned actual margins of
- 6 ~~\$49,527,548~~ \$49,531,908 on secondary market transactions, and
- 7 credited the All Customers' Deferred Account in the amount of
- 8 \$31,613,832 ~~\$31,603,528~~ [~~(\$49,527,448~~ \$49,496,547 x NC
- 9 demand allocator x 75% ratepayer sharing percent) + (100% of
- 10 Duke Energy Carolinas/Duke Energy Progress secondary market
- 11 transactions of \$35,361 x NC demand allocator)] for the benefit of
- 12 ratepayers, in accordance with the Commission's Order Approving
- 13 Stipulation issued on December 22, 1995, in Docket No. G-100,
- 14 Sub 67, and the Merger Order, effective October 1, 2017. This
- 15 dollar amount is slightly different than the amount recorded on
- 16 Tomlinson Revised Exhibit_(MBT-1), Schedule 9, since the
- 17 Company's deferred account includes estimates for the May 2017
- 18 secondary market transactions. Presented below is a chart that
- 19 compares the total actual company margins earned by Piedmont on
- 20 the various types of secondary market transactions in which it was
- 21 engaged during the review period and the prior review period.

	Actual Amounts for the 12 Month Periods Ended			
	April 30, 2017	April 30, 2016	Increase (Decrease)	% Change
Asset Management Arrangements	\$18,439,307	\$16,226,920	\$2,212,387	13.6%
Capacity Releases	24,078,870	35,904,411	(11,825,541)	(32.9%)
Off System Sales	7,013,731	8,048,529	(1,034,798)	(12.9%)
Total Company Margins on Secondary Market Transactions	\$49,531,908	\$60,179,860	(\$10,647,952)	(17.7%)

Note: Actual amounts lag one-month behind the accounting period. The May 31 review periods reflect actual amounts for the 12-months ended April 30.

1 **Asset Management Arrangements** (AMAs), according to the
2 FERC,

3 are contractual relationships where a party agrees to
4 manage gas supply and delivery arrangements,
5 including transportation and storage capacity, for
6 another party. Typically a shipper holding firm
7 transportation and/or storage capacity on a pipeline or
8 multiple pipelines temporarily releases all or a portion
9 of that capacity along with associated gas production
10 and gas purchase agreements to an asset manager.
11 The asset manager uses that capacity to serve the
12 gas supply requirements of the releasing shipper,
13 and, when the capacity is not needed for that
14 purpose, uses the capacity to make releases or
15 bundled sales to third parties.

16 Promotion of a More Efficient Capacity Release Market, Order No.
17 712, 123 FERC ¶ 61,286, Paragraph 110 (June 19, 2008).

18 The increase in net compensation from AMAs resulted from an
19 increase in the interstate pipeline and storage capacity that
20 Piedmont has subject to AMAs.

21 **Capacity Releases** are the short-term posting of unutilized firm
22 capacity on the electronic bulletin board that is released to third
23 parties at a biddable price. The overall net compensation from

Revised Page 6

1 Conduct issued September 29, 2016, in Docket Nos. G-9, Sub 682,
2 E-2, Sub 1095, and E-7, Sub 1100 (Merger Order).

3 (6) Secondary Market Transactions – The secondary market
4 transactions conducted by the Company are reviewed and verified
5 to the financial books and records, asset management
6 arrangements, and other deferred account journal entries.

7 (7) Uncollectibles – The Company records a journal entry each
8 month in the Sales Customers' Only Deferred Account for the gas
9 cost portion of its uncollectibles write-offs. The calculations
10 supporting those journal entries are reviewed to ensure that the
11 proper amounts are recorded.

12 (8) Supplier Refunds – Unless ordered otherwise, supplier
13 refunds received by Piedmont should be flowed through to
14 ratepayers in the All Customers' Deferred Account or in certain
15 circumstances applied to the NCUC Legal Fund Reserve Account.
16 Documentation is reviewed to ensure that the proper amount is
17 credited to the correct account in a timely fashion.

18 Q. HOW DO THE COMPANY'S FILED GAS COSTS FOR THE
19 CURRENT REVIEW PERIOD COMPARE WITH THOSE FOR THE
20 PRIOR REVIEW PERIOD?

21 A. The Company filed total gas costs of ~~\$283,047,611~~ **\$284,034,828**
22 per Tomlinson Revised Exhibit_(MBT-1), Revised Schedule 1, for