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OFFICIAL COPY

JUL 10 2020

July 10, 2020

VIA ELECTRONIC FILING

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
Dobbs Building
430 North Salisbury Street
Raleigh, North Carolina 27603

*Re: Petition for Annual Review of Gas Costs
Docket No. G-5, Sub 622*

Dear Ms. Campbell:

Public Service Company of North Carolina, Inc., d/b/a Dominion Energy North Carolina, submits for filing in the above-referenced docket its Supplemental Direct Testimony of Rose M. Jackson (“Testimony”).

Portions of the Testimony contain confidential and proprietary trade secret information, and as such are being filed contemporaneously under seal and separate cover.

Please do not hesitate to contact me should you have any questions. Thank you for your assistance with this matter.

Very truly yours,

/s/Mary Lynne Grigg

MLG:kjg

Enclosure

cc: Gina Holt

**BEFORE THE
NORTH CAROLINA UTILITIES COMMISSION**

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INCORPORATED

DOCKET NO. G-5, SUB 622

SUPPLEMENTAL DIRECT TESTIMONY

OF

ROSE M. JACKSON

JULY 10, 2020

1 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, BY WHOM YOU
2 ARE EMPLOYED, AND IN WHAT CAPACITY.

3 A. My name is Rose M. Jackson and my business address is 220 Operation Way,
4 Cayce, South Carolina. I am employed as General Manager – Supply & Asset
5 Management by Dominion Energy Southeast Services, Inc. In that role I
6 support the gas supply and capacity management functions of Public Service
7 Company of North Carolina, Incorporated, d/b/a Dominion Energy North
8 Carolina (the “Company”).

9 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

10 A. Yes. I pre-filed direct testimony in this proceeding on June 1, 2020.

11 Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT
12 TESTIMONY IN THIS PROCEEDING?

13 A. In my pre-filed testimony, I stated that the Company planned to obtain capacity
14 on the Atlantic Coast Pipeline, LLC (“ACP”) project that was under
15 construction. The purpose of my supplemental testimony is to update the
16 Commission on the recent cancellation of that project and the potential effect
17 on the Company.

18 Q. PLEASE PROVIDE SOME BACKGROUND ON THE COMPANY’S
19 PARTICIPATION IN THE PROJECT.

20 A. In each of the gas cost reviews conducted since 2015, my testimony described
21 the status of the Company’s participation in the ACP pipeline project. A
22 summary of that testimony follows.

- 1 • Docket No. G-5, Sub 558 (2015): The Company entered into a precedent
2 agreement with ACP for a 20-year primary term to acquire 100,000
3 dekatherms per day (dts/day) of capacity on a new pipeline expected to
4 be in service by November 2018. ACP, a joint venture among subsidiaries
5 of Dominion Resources, Duke Energy, Piedmont Natural Gas, and AGL
6 Resources, was formed to build and own a 550-mile natural gas pipeline
7 running from Harrison County, West Virginia, through southeast
8 Virginia, and terminating in Robeson County, North Carolina. When
9 completed, the project would provide the Company with a second
10 interstate pipeline connection to gas supplies located in the Marcellus and
11 Utica shale basins of West Virginia, Pennsylvania, and Ohio. The
12 Company would take deliveries off the pipeline at points located near
13 Clayton, North Carolina, on the eastern side of the Company's system.
- 14 • Docket No. G-5, Sub 568 (2016): No change in status.
- 15 • Docket No. G-5, Sub 578 (2017): The projected in-service date changed
16 to late 2019.
- 17 • Docket No. G-5, Sub 591 (2018): **[BEGIN CONFIDENTIAL]** [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]

1 [REDACTED] [END CONFIDENTIAL] the Company entered into
2 precedent agreements with Mountain Valley Pipeline, LLC (“MVP”) to
3 obtain capacity on its mainline pipeline project running from northwestern
4 West Virginia to Pittsylvania County, Virginia, as well as on an
5 approximately 70-mile lateral (“MVP Southgate”) running from the
6 termination of the mainline to delivery points at PSNC’s Dan River and
7 Haw River interconnects in Rockingham and Alamance Counties, North
8 Carolina, respectively. Specifically, PSNC contracted with MVP for
9 250,000 dts/day of mainline capacity and 300,000 dts/day of lateral
10 capacity, with the additional lateral capacity being to allow the
11 Company’s receipt of primary firm, forward-haul deliveries directly from
12 East Tennessee Natural Gas, LLC, through a new interconnection with
13 MVP. The projected in-service date for the MVP mainline is late 2018
14 and for the lateral 2020. [BEGIN CONFIDENTIAL] [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED] [END CONFIDENTIAL]

- 18 • Docket No. G-5, Sub 608 (2019): The expected in-service date for ACP
19 changed to early 2021.
- 20 • Docket No. G-5, Sub 622 (2020): The expected in-service dates for the
21 MVP and ACP projects changed to late 2021 or early 2022.

1 Q. PLEASE DISCUSS THE CANCELLATION OF THE ACP PROJECT.

2 A. On July 5, 2020, ACP announced that it had cancelled the project “due to
3 ongoing delays and increasing cost uncertainty which threaten the economic
4 viability of the project.” The announcement cited recent court rulings that
5 overturned federal permit authority for waterbody and wetland crossings, along
6 with the risk of new litigation, as reasons for making the project “too uncertain
7 to justify investing more shareholder capital.”

8 Q. WHAT IMPACT DO YOU EXPECT THE PROJECT’S CANCELLATION
9 TO HAVE ON THE COMPANY?

10 A. **[BEGIN CONFIDENTIAL]** [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED] **[END CONFIDENTIAL]**

20 Q. HOW DOES THE CANCELLATION AFFECT THE COMPANY’S NEED
21 FOR ACQUIRING NEW INTERSTATE CAPACITY?

22 A. Exhibit 1 to my direct testimony shows the forecasted firm peak-day demand
23 requirements for the review period and the current forecast for the next five

1 winter seasons. Firm peak-day demand reflects the natural gas usage of those
2 customers whose service depends upon the Company acquiring the gas
3 commodity and arranging for it to be transported to the Company's system, that
4 is, firm sales service to residential and small and medium-sized commercial
5 customers. It does not include usage by industrial or large commercial
6 customers, including electric generation, who are responsible for purchasing
7 their own gas supplies and arranging for transportation to the Company's
8 system. As originally pre-filed, Jackson Exhibit 1 showed a shortfall in assets
9 available to serve expected peak-day demand for the upcoming winter season.
10 Since then, the Company acquired an additional 20,000 dts/day of a winter
11 peaking service. A revised Jackson Exhibit 1 reflecting that addition is attached
12 to this supplemental testimony. My original exhibit noted that available assets
13 do not reflect either MVP or ACP capacity. They were omitted in the
14 calculation of the Company's reserve margin because the projects were still
15 under construction at the time and the capacity was therefore not yet available.
16 Revised Jackson Exhibit 1 changed the note to refer only to the MVP capacity,
17 which is still under construction. The exhibit clearly indicates the Company
18 needs that capacity to support its ability to satisfy customers' firm peak-day
19 demand for the foreseeable future.

20 Q. WHAT IS THE STATUS OF THE MVP PROJECTS?

21 A. Last month, MVP announced that the mainline project is 92% complete and is
22 expected to be fully in service by early 2021. On June 18, 2020, the Federal
23 Energy Regulatory Commission issued its order granting a certificate of public

1 convenience and necessity for MVP Southgate. That project is still expected to
2 be in service by late 2021 or early 2022.

3 Q. WHAT WILL THE COMPANY DO UNTIL THE MVP CAPACITY
4 BECOMES AVAILABLE?

5 A. If the MVP mainline and MVP Southgate projects are both not in service prior
6 to the 2021-22 winter season, the Company will need to make arrangements to
7 address the shortfall in available assets. My pre-filed testimony describes the
8 “best-cost” strategy the Company follows in securing natural gas supply to
9 serve its customers. This applies to the acquisition of the commodity itself as
10 well as the transportation and storage necessary to make gas available when it
11 is needed to serve firm customers, especially at peak times. It also applies to
12 near-term and long-term acquisitions of supply and capacity. We will continue
13 to monitor the situation closely and, using our best-cost strategy, take steps to
14 address any developments at the appropriate time.

15 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

16 A. Yes.

**DESIGN-DAY DEMAND REQUIREMENTS (IN DTS) AND AVAILABLE ASSETS (IN DTS)
FOR WINTER SEASONS FROM 2019-20 THROUGH 2024-25**

		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Contracted Capacity*							
Transco	FT	390,743	390,743	390,743	390,743	390,743	390,743
DETI**	FT	7,270	7,283	7,283	7,283	7,283	7,283
Subtotal		398,013	398,026	398,026	398,026	398,026	398,026
Seasonal Capacity							
Transco	Storage	33,218	33,218	33,218	33,218	33,218	33,218
DETI**	Storage	60,937	61,041	61,041	61,041	61,041	61,041
Columbia Gas**	Storage	35,042	35,102	35,102	35,102	35,102	35,102
East Tennessee/Saltville**	Storage	48,539	48,622	48,622	48,622	48,622	48,622
Subtotal		177,736	177,983	177,983	177,983	177,983	177,983
Peaking Capacity							
Transco	LGA	5,175	5,175	5,175	5,175	5,175	5,175
Pine Needle**	LNG	102,641	102,817	102,817	102,817	102,817	102,817
Cary Energy Center	LNG	100,000	100,000	100,000	100,000	100,000	100,000
Cove Point**	LNG	24,793	24,835	24,835	24,835	24,835	24,835
Short-Term Peaking Service	LNG	20,000	40,000	-	-	-	-
Subtotal		252,609	272,827	232,827	232,827	232,827	232,827
Total		828,358	848,836	808,836	808,836	808,836	808,836
Design-Day Requirements		821,779	840,638	860,393	880,612	901,307	922,488
Surplus (Shortage)		6,579	8,198	(51,557)	(71,776)	(92,471)	(113,652)
Reserve Margin		0.80%	0.98%	(5.99%)	(8.15%)	(10.26%)	(12.32%)

* Does not include MVP capacity expected to be in service by late 2021 or early 2022.

** Adjusted to reflect changes in Transco fuel retainage.

CERTIFICATE OF SERVICE

I hereby certify a copy of the foregoing Supplemental Direct Testimony of Rose M. Jackson, Public version, as filed in Docket No. G-5, Sub 622 was served electronically or via U.S. mail, first-class, postage prepaid, upon the parties of record.

This, the 10th day of July, 2020.

/s/Mary Lynne Grigg

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