

November 15, 2023

**VIA Electronic Filing**

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

Re: *Direct Testimony of D. Russell Harris on behalf of Public Service  
Company of North Carolina, Inc.  
Docket No. G-5, Sub 667*

Dear Ms. Dunston:

Enclosed for filing in the above-referenced proceeding on behalf of Public Service Company of North Carolina, Inc., d/b/a Dominion Energy North Carolina, is the *Direct Testimony of D. Russell Harris*.

Thank you for your assistance with this matter. Feel free to contact me with any questions about this filing.

Sincerely,

/s/Mary Lynne Grigg

MLG:tl

Enclosure

BEFORE THE  
NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-5, SUB 667

DIRECT TESTIMONY

OF

D. RUSSELL HARRIS

ON BEHALF OF

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.

November 15, 2023

I. INTRODUCTION

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is D. Russell Harris. My business address is 800 Gaston Road,  
Gastonia, North Carolina 28056.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

A. I am employed by Public Service Company of North Carolina, Inc. d/b/a  
Dominion Energy North Carolina (“PSNC” or the “Company”) as Vice  
President – Gas Operations. I am responsible for overseeing the management  
of PSNC. Providing natural gas service to our customers involves  
approximately 750 committed employees who work in many functions,  
including operations, engineering, customer relations, regulatory, and gas  
supply.

Q. PLEASE BRIEFLY OUTLINE YOUR EDUCATIONAL BACKGROUND  
AND PROFESSIONAL EXPERIENCE.

A. I am a 1986 graduate of Clemson University with a Bachelor of Science in  
Electrical Engineering. In 1990, I received a Master of Business Administration  
from the University of South Carolina. From 1986 to 2003 I worked for South  
Carolina Electric & Gas Company (“SCE&G”), in various roles in Electric  
Operations, including Vice President – Wires Operation from 1997 to 2003. In  
2003, I became Vice President – Operations for PSNC and was promoted to  
President and Chief Operating Officer in January 2006. In 2012, I was named  
Senior Vice President of SCANA Corporation (“SCANA”) and in 2013 was  
given additional management responsibilities over SCE&G’s Gas Operations.

1 I assumed my current title after SCANA merged with Dominion Energy, Inc.  
2 (“Dominion Energy”) in January 2019.

3 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

4 A. Yes. I presented testimony in Docket G-5, Sub 585, seeking approval of the  
5 SCANA merger with Dominion. I also presented testimony in each of PSNC’s  
6 last four rate cases, Docket No. G-5, Sub 481, filed in 2006, Docket No. G-5,  
7 Sub 495, filed in 2008, Docket No. G-5, Sub 565, filed in 2016, and Docket No.  
8 G-5, Sub 632, filed in 2021.

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

11 A. My testimony provides an overview of PSNC and its financial condition and  
12 discusses the Company’s operations, system reliability, safety, customer  
13 satisfaction, and community involvement. I also discuss the proposed sale of  
14 PSNC to Enbridge Parrot Holdings, LLC (“EP Holdings”), defined in the Joint  
15 Application in this docket as the “Transaction,” and explain why it will result  
16 in no harm to, and overall will benefit PSNC’s customers, its employees, and  
17 the communities where PSNC operates.

18 Q. HOW WILL THE TRANSACTION BENEFIT PSNC CUSTOMERS,  
19 EMPLOYEES, AND COMMUNITIES?

20 A. As discussed in more detail later in my testimony, PSNC will continue to  
21 operate in a safe and reliable manner essentially as it does today, and PSNC’s  
22 becoming part of the Enbridge Inc. (“Enbridge”) group of companies through

1 its acquisition by EP Holdings will provide additional benefits and strengths to  
2 all stakeholders.

## 3 II. OVERVIEW OF PSNC

4 Q. PLEASE DESCRIBE PSNC'S HISTORY AND CURRENT OPERATIONS.

5 A. PSNC is a natural gas local distribution company ("LDC") engaged in the  
6 business of selling, distributing, and transporting natural gas subject to this  
7 Commission's jurisdiction. It was formed in 1938 when two manufactured gas  
8 distribution companies that served 3,800 customers merged. When PSNC was  
9 acquired by SCANA in 2000 it had approximately 340,000 customers. PSNC  
10 successfully operated as a SCANA subsidiary and, after SCANA was acquired  
11 by Dominion in 2019, has continued to serve its growing customer base reliably  
12 and efficiently. PSNC now provides natural gas service to more than 640,000  
13 residential, commercial, and industrial customers in 96 cities, towns, and  
14 surrounding areas. PSNC's service territory includes the  
15 Raleigh/Durham/Chapel Hill, Asheville/Hendersonville, and  
16 Gastonia/Concord/Statesville areas. PSNC operates more than 13,000 miles of  
17 transmission and distribution mains.

18 Q. PLEASE DESCRIBE THE OWNERSHIP STRUCTURE OF PSNC.

19 A. PSNC is currently a subsidiary of SCANA which is, in turn, a subsidiary of  
20 Dominion Energy. In Docket No. G-5 Sub 664, PSNC sought Commission  
21 approval for a reorganization to place PSNC within a new holding company in  
22 anticipation of the sale contemplated in this docket. A chart reflecting the

1 corporate structure after that reorganization is attached as Appendix B to the  
2 Joint Application filed in this docket on October 20, 2023.

3 **III. FINANCIAL CONDITION OF PSNC**

4 Q. PLEASE DESCRIBE PSNC'S FINANCIAL CONDITION.

5 A. As of December 31, 2022, PSNC's assets totaled \$3.4 billion; revenues in 2022  
6 totaled \$820 million; and net income in 2022 totaled \$103.4 million. PSNC has  
7 a senior unsecured debt rating of Baa1 with a stable outlook by Moody's  
8 Investors Service, BBB+ with a negative outlook from Standard and Poor's  
9 Ratings Services, and A with a stable outlook from Fitch Credit Ratings.

10 Q. WHAT ARE PSNC'S CAPITAL EXPENDITURE PLANS FOR THE NEXT  
11 FIVE YEARS?

12 A. PSNC's budgeted capital expenditures for the next five years are as follows:

Year	2024	2025	2026	2027	2028
Capital Budget	\$536.6 Million	\$449.2 Million	\$708.1 Million	\$434.1 Million	\$282.4 Million

13 Q. WILL THOSE PLANS CHANGE AS A RESULT OF THE TRANSACTION?

14 A. No. Absent a material change in circumstances, the Transaction will not change  
15 PSNC's plans for capital expenditures over the next five years.

16 **IV. PSNC'S SERVICE PRIORITIES**

17 Q. PLEASE DESCRIBE PSNC'S GOALS AS AN LDC.

18 A. As a management team, we strive to provide safe, reliable, and affordable  
19 energy to our customers and the communities we serve.

20 Q. HOW IMPORTANT IS SAFETY TO PSNC?

1 A. PSNC's culture encourages safety as its highest priority. We have been  
2 successful at reducing workplace injuries and improving driving performance  
3 through high employee engagement in safety programs, developing and  
4 adopting industry best practices, and implementing new technologies. Our  
5 safety performance has routinely been recognized by the American Gas  
6 Association for having exceptionally low employee injury incident rates, and  
7 PSNC received the Safety Achievement Award for having the lowest DART  
8 (Days Away, Restricted or Transferred) injury rate among large LDCs in both  
9 2021 and 2022.

10 Over the last two years, PSNC has implemented a Human Performance  
11 Program with extensive training for all employees. The program is a set of  
12 principles and practical "defense" techniques that help us reduce human error.  
13 PSNC can minimize the frequency and severity of incidents by anticipating and  
14 preventing active errors and by identifying and eliminating gaps in our policies,  
15 training, and culture. There are five principles of the Human Performance  
16 Program:

- 17 1. People are fallible, and even the best people make mistakes.
- 18 2. Error-likely situations are predictable, manageable, and preventable.
- 19 3. Individual behavior is influenced by organizational processes and  
20 values.
- 21 4. People achieve high levels of performance largely because of the  
22 encouragement and reinforcement received from leaders, peers, and  
23 subordinates.

1           5. Events can be avoided through an understanding of the reasons mistakes  
2           occur and application of the lessons learned from past events or errors.

3           PSNC employees begin meetings with a “safety moment” discussion  
4           about relevant and timely safety topics and start field activities with pre-job  
5           safety briefs. PSNC further emphasizes safety with safety-related bonus goals.

6    Q.    PLEASE DISCUSS THE COMPANY’S EFFORTS TO MAINTAIN A SAFE  
7           AND RELIABLE SYSTEM.

8    A.    PSNC has shown its commitment to safety and reliability by investing \$347  
9           million over the last five years in system improvements to enhance pipeline  
10          integrity. Over the next five years, PSNC plans to invest an additional \$418  
11          million in these programs. PSNC also plans to invest \$756 million in system  
12          enhancements over that period, which results in more than \$1.1 billion in  
13          planned expenditures over the next five years to improve system safety and  
14          reliability. Additionally, damage prevention efforts have yielded an improving  
15          damage ratio (line hits per 1,000 locate tickets), even though locate requests  
16          have increased substantially due to broadband expansion and high growth in  
17          North Carolina.

18   Q.    PLEASE DISCUSS THE COMPANY’S EFFORTS TO ENSURE EFFICIENT  
19          SERVICE.

20   A.    PSNC seeks to proactively manage operating costs, including operations and  
21          maintenance (“O&M”) expenses. PSNC implements ongoing O&M efforts to  
22          improve efficiency. One such example is our “soft close” process which  
23          reduced the number of trips made to a customer premise to start/stop service



1 (e.g., customer moves to a different location). This process improvement  
2 results in less fuel consumed, as well as saving technician time to be able to  
3 complete other necessary O&M activities.

4 Q. IS CUSTOMER SERVICE AN IMPORTANT GOAL OF PSNC?

5 A. Yes. PSNC strives to provide courteous, professional service to its customers  
6 and to be responsive to their needs.

7 Q. DOES THE COMPANY TRACK ITS CUSTOMER SATISFACTION  
8 LEVELS?

9 A. Yes, the Company measures and tracks customer satisfaction ratings utilizing  
10 both internal transactional surveys and third-party customer loyalty studies.  
11 PSNC surveys customers who have recently transacted business with the  
12 Company through the Interactive Voice Response system, website portal, a  
13 contact center service representative, or field service representative. PSNC  
14 consistently receives high satisfaction scores and positive feedback from its  
15 customers. Notably, PSNC has not been the subject of a formal complaint  
16 before the Commission since 2009.

17 Q. PLEASE DESCRIBE PSNC'S COMMUNITY INVOLVEMENT  
18 ACTIVITIES.

19 A. PSNC employees are very active in their communities, such as their  
20 participation in the employee-led nonprofit, the Good Neighbor Fund. In 2022,  
21 for example, PSNC employees provided almost 3,000 hours of volunteer time  
22 in furtherance of local charitable endeavors. PSNC's 2022 corporate charitable  
23 contributions totaled approximately \$325,000.

1                                   **V.        BENEFITS OF THE TRANSACTION**

2    Q.     WHAT BENEFITS WILL COME FROM THIS TRANSACTION?

3    A.     One of the main benefits of this acquisition is that our business will be part of  
4           the Enbridge group of companies. One of Enbridge's major core competencies  
5           is transporting and distributing natural gas. Affiliation with similarly situated  
6           businesses has created and will continue to create benefits for PSNC.  
7           Additionally, there will be potential benefits in safety, community involvement,  
8           customer service, and energy sustainability.

9    Q.     PLEASE EXPLAIN HOW PSNC'S AFFILIATION WITH OTHER LDCs  
10           HAS BEEN BENEFICIAL.

11   A.     One of the benefits that we received from being a part of the Dominion Energy  
12           family of companies was the ability to share best practices with our affiliates  
13           who are LDCs in Ohio, South Carolina, and Utah. For example, standard  
14           operating procedures ("SOPs") are jointly developed and enhanced by the  
15           broader expertise and knowledge shared among the LDCs. Jointly developed  
16           SOPs include Gas Filled Structures Emergency Response, Responding to  
17           Natural Gas Hazardous Atmospheres involving Excavations, and Directional  
18           and Auger Boring Guidelines. Additionally, with Commission approval PSNC  
19           was able to obtain needed 14-inch transmission pipe from its Ohio and Utah  
20           affiliates when the pipe was not available from the usual third-party supply  
21           sources.

22   Q.     DO YOU EXPECT SIMILAR BENEFITS AFTER THE TRANSACTION?

1 A. Yes. After the Transaction is complete, subject to the approval of all relevant  
2 federal and state authorities, PSNC will enjoy potentially even greater benefits  
3 of affiliation given Enbridge's existing ownership of companies involved in the  
4 transportation of natural gas and two retail LDCs (Enbridge Gas Inc. and  
5 Gazifère Inc.), in addition to continuing to benefit from its affiliation with the  
6 utilities in Ohio and Utah.

7 Q. HOW WILL THE TRANSACTION BENEFIT PSNC'S SAFETY  
8 CULTURE?

9 A. As I mentioned earlier, PSNC currently has a strong safety culture, and this is  
10 expected to continue after completion of the Transaction. Safety procedures  
11 and best practices shared among the LDCs will continue to provide benefits to  
12 PSNC.

13 Q. HOW WILL THE TRANSACTION AFFECT PSNC'S COMMUNITY  
14 INVOLVEMENT?

15 A. PSNC has a history of charitable giving in the areas where it operates, and this  
16 will continue with Enbridge. As the Joint Application in this docket states, for  
17 three years following completion of the Transaction, EP Holdings commits to  
18 increase by \$175,000 per year PSNC's historic level of corporate contributions  
19 to charities identified by local leadership.

20 **VI. CONCLUSION**

21 Q. PLEASE DESCRIBE THE IMPACT THIS TRANSACTION WILL HAVE  
22 ON PSNC'S OVERALL OPERATIONS AND CUSTOMER SERVICE.

1 A. In my opinion, PSNC will benefit in much the same way as it did after its merger  
2 with SCANA and SCANA's merger with Dominion Energy. Among other  
3 things, the Transaction will allow the newly combined companies to share  
4 safety and customer service best practices. Moreover, Enbridge has the financial  
5 wherewithal to fund investments in PSNC's system maintenance,  
6 modernization, and expansion. I expect the Transaction will strengthen PSNC's  
7 ability to provide safe and reliable service.

8 Q. WHAT IMPACT WILL THE TRANSACTION HAVE ON THE  
9 REGULATORY OVERSIGHT OF PSNC?

10 A. It will remain unchanged. PSNC will continue to operate under the  
11 Commission's jurisdiction.

12 Q. WHAT IS PSNC'S REQUEST FROM THE COMMISSION?

13 A. PSNC respectfully requests that the Commission approve the Joint Application.

14 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

15 A. Yes.

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing Direct Testimony of D. Russell Harris, as filed in Docket No. G-5, Sub 667, were served electronically or via U.S. mail, first-class, postage prepaid, upon all parties of record.

This, the 15th day of November, 2023.

/s/Mary Lynne Grigg

Mary Lynne Grigg  
McGuireWoods LLP  
501 Fayetteville Street, Suite 500  
PO Box 27507 (27611)  
Raleigh, North Carolina 27601  
Telephone: (919) 755-6573  
mgrigg@mcguirewoods.com

*Attorney for Public Service Company of North  
Carolina, Inc., d/b/a Dominion Energy North  
Carolina*

OFFICIAL COPY

Nov 15 2023