

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.

DOCKET NO. G-5, SUB 635

TESTIMONY OF NEHA R. PATEL

ON BEHALF OF

THE PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION

July 26, 2021

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **PRESENT POSITION.**

3 A. My name is Neha R. Patel and my business address is 430 North
4 Salisbury Street, Raleigh, North Carolina. I am the Manager of the
5 Natural Gas Section of the Energy Division of the Public Staff. My
6 qualifications and experience are provided in Appendix A.

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

9 A. The purpose of my testimony is (1) to provide recommendations
10 based on my conclusions regarding whether the gas costs incurred
11 by Public Service Company of North Carolina, Inc. (PSNC or
12 Company), during the 12-month review period ended March 31,
13 2021, were prudently incurred, (2) provide my conclusions
14 regarding PSNC's projected peak day demand, and (3) discuss my
15 recommendations regarding temporary rate increments and/or
16 decrements.

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

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

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

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

16 A. Based on my investigation and review of the data in this docket, I
17 believe that PSNC's gas costs were prudently incurred for the 12-
18 month review period ending March 31, 2021.

19 **DESIGN-DAY REQUIREMENTS**

20 **Q. MS. PATEL, DO YOU HAVE ANY COMMENTS REGARDING**
21 **COMPANY WITNESS JACKSON'S EXHIBIT 1 AND**
22 **DISCUSSION REGARDING DESIGN-DAY DEMAND?**

1 A. Yes.

2 I reviewed the Company's testimony and other information
3 submitted by the Company in response to data requests, and also
4 had discussions with Company personnel regarding how well the
5 Company's projected firm demand requirements aligned with the
6 available capacity over the next five years. PSNC's design-day
7 demand model shows that PSNC has a need for additional assets
8 to meet projected design-day demand requirements beginning in
9 the 2021-2022 winter period, which is discussed further in
10 testimony.

11 The Energy Division also performs independent calculations to
12 determine peak-day (design-day) demand levels as compared to
13 the assets the Company has available or is planning to have
14 available in the future to meet that demand. The Public Staff uses
15 the review period data of customer usage and heating degree days
16 (HDDs), which are calculated by taking the average of the minimum
17 and maximum daily temperatures and subtracting that quotient from
18 a 65 degrees base (for example, a low of 10 degrees and a high of
19 30 would yield 45 HDDs). Base load demand, which is usage that
20 does not fluctuate with weather, plus a usage per HDD factor is
21 developed, and the projected peak-day demand is calculated. The
22 assumption in developing a peak design-day demand is 55 HDDs,
23 which is the accepted peak coldest day that would be anticipated to

1 be experienced in PSNC's service territory. The results of our
2 analysis are slightly lower than the levels presented by PSNC in
3 Jackson Exhibit 1.

4 **Q. DO YOU HAVE ANY COMMENTS REGARDING THE**
5 **COMPANY'S FUTURE AVAILABLE CAPACITY RESOURCES?**

6 A. Yes. The Public Staff has reviewed the Company's filed testimony
7 and exhibits, as well as data request responses provided by PSNC
8 in regards to the Company's capacity resources. Company witness
9 Jackson's testimony (Jackson Direct Exhibit 1) shows that PSNC
10 has a need for additional capacity to meet projected design-day
11 demand requirements beginning in the 2021-2022 winter period. In
12 the 2019-2020 review period, the Company projected the
13 Southeastern Trail (SET) project capacity to be available in the
14 fourth quarter of 2020 and to be fully in service by the first quarter
15 of 2021. Prior to full project completion, Transco offered a partial
16 service beginning November 1, 2020 on SET in the amount of
17 55,400 dts per day. Upon project completion, effective January 1,
18 2021, Transco commenced firm transportation service for the full
19 contract amount of 60,000 dts/day.

20 To meet the expected capacity shortfall for the 2020-2021 winter
21 season the Company contracted for a total of 40,000 dts per day of
22 firm peaking services from three different suppliers. These
23 contracts each allowed the Company to call on delivered gas

1 supply at Zone 5 of up to 20,000 dts per day at a time for a
2 specified number of days during the winter.

3 Consistent with the past two winter seasons, PSNC has needed to
4 acquire short-term peaking assets to meet its capacity shortfalls.
5 For the upcoming 2021-2022 winter season, Company witness
6 Jackson stated that the Company has entered into a firm delivery
7 short-term peaking supply contract for 24,000 dts per day and has
8 plans to issue an RFP for 36,000 dts/day of similar supply.

9 PSNC witness Jackson stated that FERC has issued its order
10 granting the certificate of public convenience and necessity for the
11 Mountain Valley Pipeline (MVP) Southgate project and that the
12 project is expected to be placed in service by the spring of 2023.
13 Witness Jackson has noted that until the MVP mainline and MVP
14 Southgate projects are both placed into service, the Company
15 would closely monitor the capacity shortfall situation and continue
16 to address the shortfall in available assets using the Company's
17 best-cost strategy by taking steps to address any developments at
18 the appropriate time. The Company has not included the MVP
19 capacity in its design-day capacity planning.

20 The Public Staff agrees with PSNC witness Jackson's testimony
21 that if the MVP mainline and the MVP Southgate projects are not
22 placed into service as of the anticipated time period, PSNC will
23 need to make arrangements to address the shortfall in available

1 assets using their best-cost strategy to serve customers' forecasted
2 firm peak-day demand.

3 **Q. DO YOU HAVE ANY RECOMMENDATIONS REGARDING**
4 **PSNC'S DEFERRED ACCOUNT BALANCES AND ANY**
5 **PROPOSED TEMPORARY INCREMENTS OR DECREMENTS?**

6 A. Yes, I do. The All Customers' Deferred Account reflects a debit
7 balance of \$8,065,604, owed by customers to the Company as of
8 March 31, 2021.

9 The Public Staff notes that deferred account balances naturally vary
10 between winter and summer months, since fixed gas costs are
11 typically over-collected during the winter period when throughput is
12 higher due to heating load, and under-collected during the summer
13 when throughput is lower.

14 Pursuant to Article IV of the Stipulation and Agreement filed on
15 December 31, 2019, in the Federal Energy Regulatory Commission
16 Docket RP18-1126, the Company received a refund in the amount
17 of \$13,112,646 on July 1, 2020 (July Transco Refund). On October
18 16, 2020, the Company filed with the Commisison to remove
19 temporary increments applicable to the All Customers' Deferred
20 Account in Docket No. G-5, Sub 626, effective November 1, 2020.
21 Due to the July Transco Refund, the Company projected the
22 balance in the All Customers' Deferred Account, without

1 implementation of the removal of the increments, would be a
2 significant over-collection through the end of March 2021.

3 The Sales Customers' Only Deferred Account balance reflects a
4 debit balance of \$4,501,726, owed by the customers to the
5 Company as of March 31, 2021. The Public Staff notes that this
6 balance increased to a balance of \$5,182,079 at the end of May
7 2021. Therefore, I agree with the Company's proposal not to
8 implement any temporary rate increments and/or decrements in this
9 proceeding.

10 I further recommend that PSNC continue to monitor the balances in
11 both the All Customers' and Sales Customers' Only Deferred
12 Accounts, and, if needed, file an application for authority to change
13 the benchmark commodity cost of gas or implement new temporary
14 increments or decrements through the Purchased Gas Adjustment
15 mechanism, pursuant to N. C. Gen. Stat. § 62-133.4 in order to
16 keep the deferred account balances at reasonable levels.

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

18 A. Yes.

QUALIFICATIONS AND EXPERIENCE

NEHA PATEL

I graduated from University Of Mumbai in 1995 with a Bachelor of Science degree in Electronic Engineering. I began working as a Utilities Engineer with the Natural Gas Division of the Public Staff in spring of 2014. In 2020, I became Manager of the Natural Gas Section of the Energy Division.

I have worked on Purchase Gas Cost Adjustment Procedures, Tariff Filings, Customer Utilization Trackers, Special Contract Review and Analysis, Weather Normalization Adjustments, Customer Complaint Resolutions, Integrity Management Riders, Franchise Exchange Filings, Compressed Natural Gas Special Contracts, Peak Day Demand and Capacity Calculations, Fuel and Electric Usage Trackers, Gas Resellers, Annual Review of Gas Cost Proceedings, Renewable Natural Gas Filings, Cost of Service Study, General Rate Case Proceedings, and Rate Design.