BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE
STATE OF RHODE ISLAND
AND PROVIDENCE PLANTATIONS

IN THE MATTER OF	)	
THE NARRAGANSETT ELECTRIC COMPANY	)	DOCKET NO. 5066
D/B/A NATIONAL GRID 2020 GAS COST	)	
RECOVERY FILING	)	

DIRECT TESTIMONY
OF
JEROME D. MIERZWA

ON BEHALF OF

THE DIVISION OF PUBLIC UTILITIES AND CARRIERS

October 7, 2020

EXETER
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I. INTRODUCTION

Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

A. My name is Jerome D. Mierzwa. I am a principal and President of Exeter Associates, Inc. ("Exeter"). My business address is 10480 Little Patuxent Parkway, Suite 300, Columbia, Maryland 21044. Exeter specializes in providing public utility-related consulting services.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I graduated from Canisius College in Buffalo, New York, in 1981 with a Bachelor of Science Degree in Marketing. In 1985, I received a Master's Degree in Business Administration with a concentration in finance, also from Canisius College. In July 1986, I joined National Fuel Gas Distribution Corporation ("NFG Distribution") as a Management Trainee in the Research and Statistical Services Department ("RSS"). I was promoted to Supervisor RSS in January 1987. While employed with NFG Distribution, I conducted various financial and statistical analyses related to the Company's market research activity and state regulatory affairs. In April 1987, as part of a corporate reorganization, I was transferred to National Fuel Gas Supply Corporation's ("NFG Supply") rate department where my responsibilities included utility cost of service and rate design analysis, expense and revenue requirement forecasting and activities related to federal regulation. I was also responsible for preparing NFG Supply's Purchase Gas Adjustment ("PGA") filings and developing interstate pipeline and spot market supply gas price projections. These forecasts were utilized for internal planning purposes as well as in NFG Distribution's annual purchased gas cost review proceedings.

In April 1990, I accepted a position as a Utility Analyst with Exeter Associates, Inc. ("Exeter"). In December 1992, I was promoted to Senior Regulatory Analyst. Effective April 1, 1996, I became a principal of Exeter. Since joining Exeter, my assignments have included gas, electric, and water utility class cost of service and rate design analysis, evaluating the gas purchasing practices and policies of natural gas utilities, sales and rate forecasting, performance-based incentive regulation, revenue requirement analysis, the unbundling of utility services, and the evaluation of customer choice natural gas transportation programs.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY PROCEEDINGS ON UTILITY RATES?

A. Yes. I have provided testimony on more than 350 occasions in proceedings before the Federal Energy Regulatory Commission ("FERC"), utility regulatory commissions in Arkansas, Delaware, Georgia, Illinois, Indiana, Louisiana, Maine, Montana, Nevada, New Jersey, Ohio, Pennsylvania, South Carolina, Texas, Utah, and Virginia, as well as before the Public Utilities Commission of Rhode Island ("Commission").

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. Exeter was retained by the Division of Public Utilities and Carriers ("Division") to review the September 1, 2020 Annual Gas Cost Recovery ("GCR") filing of the Narragansett Electric Company d/b/a National Grid ("National Grid" or "the Company"). My testimony presents the results of my review.

Q. IN WHICH PROCEEDINGS HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. I presented testimony on behalf of the Division in National Grid's 2019 GCR proceeding at Docket No. 4963. I have also previously testified before this Commission in the following water utility rate proceedings:

- City of Newport, Water Division Docket Nos. 2985, 4355, 4295, and 4933;
- Providence Water Supply Board Docket Nos. 2048, 3163, 3832, 4406, 4618, and 4994;
- Kent County Water Authority Docket Nos. 2555, 3311, and 4611;
- Pawtucket Water Supply Board Docket Nos. 2674 and 3945;
- Suez Water Rhode Island, Inc. Docket No. 4800; and
- Woonsocket Water Division Docket Nos. 4320 and 4879.

Q. WHAT IS YOUR EXPERIENCE WITH RESPECT TO EVALUATING THE GAS PROCUREMENT PRACTICES OF NATURAL GAS LOCAL DISTRIBUTION COMPANIES ("LDCs") LIKE NATIONAL GRID?

A. Over the last 30 years, I have reviewed and assessed the gas procurement practices and policies of approximately 40 different LDCs. For many of these LDCs, I have performed gas procurement reviews on an annual basis. In total, I estimate that I have performed approximately 200 such reviews.

These assessments include review of an LDC's capacity and gas supply resource portfolios.

Q. HAS THE COMPANY SUBSEQUENTLY REVISED THE RATES INITIALLY REFLECTED IN ITS SEPTEMBER 1, 2020 GCR FILING?

A. Yes. In its initial GCR filing and as subsequently discussed in greater detail, in response to a recommendation from the Division in the 2019 GCR proceeding (Docket No. 4963), the Company proposed to recover the costs associated with several gas supply and transportation contracts in its August 3, 2020 Distribution Adjustment Charge ("DAC") filing. These contracts were to be utilized to meet the design peak hour requirements of National Grid's customers. In subsequent discussion with the Division after the 2020 GCR filing was made, the Company has agreed to include the fixed costs associated with an additional supply contract and transportation contract in the DAC. The proposed cost reallocation was made to recognize that the additional contracts will also be used to meet peak hour requirements. To reflect these changes, the Company submitted revised GCR and DAC filings on September 28, 2020.

Q. PLEASE SUMMARIZE NATIONAL GRID'S CURRENT GCR RATES AND THE RATES PROPOSED IN THE COMPANY'S INITIAL AND REVISED FILINGS.

A. The current High Load Factor GCR rate is $0.4736 per therm and the current Low Load factor GCR rate is $0.5302 per therm. The Company initially proposed an increase in the High Load Factor GCR rate of $0.0442 per therm to $0.5178 per therm, or 9.3 percent, and an increase in the Low Load Factor GCR rate of $0.0566 per therm to $0.5868 per therm, or 10.7 percent. In its revised GCR filing, the Company has proposed an increase in the current High Load Factor GCR rate of $0.0357 per therm to $0.5093 per therm, or 7.5 percent, and an increase of $0.0455 per therm in the current Low Load Factor GCR rate to $0.5757 per therm, or 8.6 percent.

Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.

A. My findings and recommendations are as follows:

- In National Grid's 2019 GCR proceeding at Docket No. 4963, the Commission directed the Company to work with the Division to address a number of concerns and issues raised by the Division. As discussed in greater detail in my testimony, the Company has complied with the Commission's directives in Docket No. 4963;

- The Company's proposal to recover the fixed costs associated with meeting peak hour requirements through the DAC as reflected in its revised GCR and DAC filings should be approved;

- The Company should track the incremental variable costs it incurs in meeting peak-hour requirements and report those costs in its 2021 DAC filing. Should those costs be significant, those costs should be included in the DAC reconciliation process next year and removed from the GCR reconciliation process;

- The Company's proposed changes to the capacity assignment provisions of the Gas Customer Choice Program appear reasonable;

- The Commission should direct the Company to continue to work with the Division to develop data exchange protocols for the Natural Gas Portfolio Management Plan ("NGPMP") which provide for additional transparency and for more efficient auditing;

- The Company should further diversify the timing of its advance hedge purchases under the Gas Procurement Incentive Program ("GPIP"), and limit the use of accelerated purchase to a period when current New York Mercantile Exchange ("NYMEX") prices are lower than average historic prices;
- The Company should update its GCR rate projections in its rebuttal testimony to reflect the most recent projections of gas supply commodity prices, if doing so results in a material change in GCR rates.

Q. PLEASE SUMMARIZE THE DIRECTIVES ISSUED TO THE COMPANY BY THE COMMISSION IN DOCKET NO. 4963.

A. In Docket No. 4963, The Commission directed the Company to work with the Division to:

- Develop appropriate cost allocation procedures for incremental design peak hour costs and to present those procedures in next year's GCR filing;
- Evaluate the Company's current cost allocation procedures for the interstate pipeline firm-transportation capacity assigned to the Company's firm-transportation customers and reflect modifications to the current approach which addresses the allocation of fixed gas supply reservation charges, and to present those modifications in next year's GCR filing; and
- Develop data exchange protocols for the GPIP and the NGPMP so as to provide additional transparency and allow more efficient auditing.

Q. BEFORE CONTINUING GENERALLY DESCRIBE THE TYPES OF CUSTOMERS SERVED BY NATIONAL GRID AND THE SERVICES PROVIDED TO THOSE CUSTOMERS.

A. National Grid provides firm sales service to retail GCR customers. This is a bundled service under which the Company arranges for the delivery of gas supplies to its citygate and provides for the delivery of these arranged supplies across its distribution system to end-use customers. National Grid contracts for interstate pipeline capacity, storage, peaking, and gas supply resources to serve retail GCR customers.

National Grid also provides unbundled transportation service under its Gas Customer Choice Program. Under this program, end use customers purchase their gas supplies from third-party marketers or suppliers (collectively "Marketers") which arrange for the delivery of the gas supplies necessary to serve their customers to National Grid's citygate. National Grid provides for the delivery of the Marketer-arranged supplies from its citygate to end-use customers. National Grid offers two primary types of firm transportation service — FT-1 and FT-2. Under FT-1 service, a customer's gas usage is measured on a daily basis. Under FT-2 service, a customer's gas usage is generally measured on a monthly rather than daily basis.

There are two categories of FT-1 customers — capacity assigned and capacity exempt customers. Marketers serving capacity assigned FT-1 customers receive an assignment of the Company's interstate pipeline firm transportation capacity to meet a portion of their customer's gas supply requirements. The remainder of a capacity assigned FT-1 customer's requirements would be met by other capacity and gas supply resources acquired by the Marketer serving the customer. Marketers serving capacity exempt FT-1 customers are not assigned any of the Company's interstate pipeline firm transportation capacity resources. Marketers serving capacity assigned and capacity exempt FT-1 customers are required to deliver the gas supply requirements of their customers on a daily basis within the imbalance tolerances permitted under National Grid's tariff.

Marketers serving FT-2 customers also receive an assignment of National Grid's interstate pipeline firm transportation capacity to meet a portion of their customers' gas supply requirements. Marketers serving FT-2 customers would use this capacity to arrange and provide for the delivery of gas supplies to National Grid's citygate. FT-2 Marketers are also provided access to a portion of the Company's storage and peaking resources which the Marketer may use to meet the daily gas supply requirements of its customers that is not met by the assigned interstate pipeline firm transportation capacity. The storage and peaking resources are not directly assigned to Marketers, but are managed by the Company.

In summary, National Grid secures the interstate pipeline firm transportation capacity, storage, peaking, and gas supply resources necessary to meet the requirements of its retail GCR sales customers, the interstate pipeline firm transportation capacity resources assigned to FT-1 and FT-2 Marketers, and the storage and peaking resource requirements of FT-2 customers. These requirements are commonly referred to as National Grid's planning load.

II. PEAK HOUR COSTS

Q. PLEASE SUMMARIZE THE CONCERNS RAISED BY THE DIVISION IN DOCKET NO. 4963 WITH RESPECT TO PEAK HOUR COSTS.

A. National Grid is directly served by two interstate pipelines — Tennessee Gas Pipeline ("Tennessee") and Algonquin Gas Transmission, LLC ("Algonquin"). While the Company's firm transportation contracts with Tennessee and Algonquin specify maximum daily delivery quantities ("MDQ"), Tennessee and Algonquin may impose hourly flow restrictions under these contracts. Because the design peak hour requirements of the Company's customers are greater than the limits which may be imposed by Tennessee and/or Algonquin, in Docket No. 4963 the Company proposed to acquire incremental resources to meet the design peak hour requirements of its customers. The Company proposed to recover the costs associated with the incremental resources from only GCR and FT-2 transportation customers. The concern raised by the Division was that the additional resources acquired by the Company would be available to meet the design peak hour demands of all customers and, therefore, benefit all customers served by National Grid including capacity assigned FT-1 and capacity exempt FT-1 customers. The Division found that it would be appropriate for FT-1 customers to contribute to the recovery of the costs associated with the incremental design peak hour resources.

Q. DID NATIONAL GRID WORK WITH THE DIVISION TO DEVELOP APPROPRIATE COST ALLOCATION PROCEDURES FOR INCREMENTAL DESIGN PEAK HOUR COSTS?

A. Yes. In consultation with the Division, National Grid filed on August 3, 2020 in Docket No. 5040 to recover the incremental fixed costs associated with maintaining design peak hour resources from all customers through its DAC. In its initial DAC filing, the Company estimated these fixed costs to be $5.2 million for the period November 1, 2020 through October 31, 2020, and these fixed costs were removed from the GCR rates initially reflected in the Company's September 1, 2020 GCR filing.

Q. DID NATIONAL GRID'S INITIAL AUGUST 3, 2020 DAC FILING IN DOCKET NO. 5040 FULLY RESOLVE THE DIVISION'S CONCERNS REGARDING THE RECOVERY OF INCREMENTAL DESIGN PEAK HOUR COSTS?

A. Not entirely. In the Division's September 23, 2020 memorandum to the Commission addressing National Grid's Annual Gas DAC filing, the Division found the Company's proposal to recover the incremental fixed costs associated with maintaining design peak hour resources to be reasonable, however, two modifications to the Company's proposal were required to fully address the Division's concerns.

The Division's review of National Grid's GCR filing and subsequent discussions with the Company indicated that there were additional fixed costs that would be incurred to address the projected peak hour deficiency that should be included in the DAC. More specifically, it appeared that a share of the Company's Tennessee firm transportation contracts that provide for the delivery of gas from Everett, MA ("Everett FT contracts") to National Grid and the fixed reservation charges associated with the gas supplies to be delivered under the Everett FT contracts would be incurred and are necessary to meet peak hour requirements. National Grid maintains two Everett FT contracts with a total MDQ of 25,000 Dth per day and the Company has entered into two gas supply arrangements to fill the 25,000 Dth per day of Everett FT contract capacity. One of the gas supply contracts is for 20,000 Dth per day, was entered into several years ago prior to the need for National Grid to address peak hour demands, and expires at the end of the winter of 2021/2022. The other gas supply contract was recently executed. The fixed reservation charges associated with the gas supply contracts are significantly greater than the fixed costs associated with the Everett FT contracts. Under the Company's initial proposal, the fixed costs associated with the Everett FT contracts and gas supply arrangements would be recovered from FT-2 Marketers and sales customers. Absent the need to address the potential peak hour deficiency, a share of the Everett FT contracts and gas supply arrangements would not be required to meet customer requirements. In its DAC September 23, 2020 memorandum, the Division recommended that the calculation of the DAC be revised to reflect the fixed reservation charges associated with the recently executed Everett gas supply arrangement for 5,000 Dth per day. The Division found this appropriate since this arrangement was executed to meet peak hour requirements, and the arrangement would be unnecessary if FT-1 Marketers were not assigned capacity by National Grid. The Division also recommended that the recovery of the fixed demand charges associated with the gas supply arrangement for 20,000 Dth per day should be revisited when the contract expires if the Company executes a replacement arrangement.

The Division also recommended in its September 23, 2020 DAC memorandum that in addition to including the incremental fixed costs associated with the peak hour resources in the DAC, if significant, the incremental variable costs should also be included. For example, if the Company purchases gas supplies under one of the incremental resources acquired to meet the peak hour deficiency with a variable cost of $40.00 per Dth but the average cost of all other gas supplies purchased on that day were $4.00 per Dth, the incremental $36.00 per Dth should also be recovered from all firm customers. Under the Company's current gas cost recovery procedures, the entire $40.00 purchase would be recovered solely from sales customers and this would be unreasonable because the $40.00 purchase would have been made to serve all firm customers. Since the incremental variable costs are not known at this time, the Division recommended that the Company report in its 2021 DAC filing the incremental variable costs incurred during the winter of 2020/2021. A determination can then be made whether the costs are significant and whether the actual incremental variable costs should be included in the DAC reconciliation process next year.

Q. IN ITS REVISED SEPTEMBER 28, 2020 DAC FILING, DID THE COMPANY INCLUDE THE FIXED GAS SUPPLY RESERVATION CHARGES ASSOCIATED WITH THE EVERETT GAS SUPPLY ARRANGEMENT FOR 5,000 DTH PER DAY?

A. Yes. The fixed gas supply reservation charges associated with the Everett gas supply arrangement for 5,000 Dth per day and the fixed demand charges associated with 5,000 Dth per day of Everett FT contract capacity are now reflected in the DAC. As shown on Attachment GSP-1 Revised, page 1 of the revised September 28, 2020 revised GCR filing, hourly peaking fixed costs included in the Company's DAC which have been removed from GCR rates for the period November 1, 2020 through October 31, 2021 total $8.50 million.

Q. HAS THE COMPANY AGREED TO REPORT THE INCREMENTAL VARIABLE COSTS WHICH MAY BE INCURRED TO MEET PEAK HOUR DEMANDS IN ITS 2021 DAC FILING?

A. Yes. In the response to Division 3-5, the Company agreed to report the variable costs it incurs to meet peak hour demands.

Q. DOES THE COMPANY'S REVISED DAC AND GCR FILINGS RESOLVE THE DIVISION'S CONCERNS EXPRESSED IN DOCKET NO. 4963 CONCERNING THE RECOVERY OF PEAK HOUR COSTS?

A. Yes.

III. GAS CUSTOMER CHOICE PROGRAM

Q. BRIEFLY EXPLAIN THE COMPANY'S CURRENT CAPACITY ASSIGNMENT PROCEDURES UNDER ITS GAS CUSTOMER CHOICE PROGRAM.

A. Currently under the Gas Customer Choice Program, the Company sets aside a portion of its interstate pipeline firm transportation capacity resources for release to Marketers. The resources made available for release are designated as "capacity paths," and a capacity path may consist of a single or multiple interstate pipeline contracts which provide for the delivery of gas supplies to the Company's citygate. Each year, Marketers designate their order of preference for each of the transportation capacity paths identified for release.

Releases are executed subject to Marketers' preferences at the actual cost for each capacity path. Marketers are charged directly by the interstate pipelines for the released capacity. The Company assesses a surcharge or provides a credit to Marketers based on the difference between the cost of the pipeline transportation capacity released and the weighted average cost of the Company's firm pipeline transportation capacity portfolio ("WACOD"). This surcharge or credit adjustment accounts for not only fixed and variable pipeline charges, but also that each capacity path provides access to different supply sources at different commodity prices and seeks to reconcile any commodity price disparity relative to the Company's portfolio.

Q. PLEASE SUMMARIZE THE CONCERNS RAISED BY THE DIVISION IN DOCKET NO. 4963 CONCERNING THE ASSIGNMENT OF CAPACITY UNDER THE COMPANY'S CUSTOMER CHOICE PROGRAM.

A. In Docket No. 4963, the Division expressed a concern that the payment of significant fixed gas supply reservation (demand) charges was required in order to obtain firm gas supplies to fill several of the Company's interstate pipeline capacity paths. Marketers typically did not select capacity paths that would require these significant gas supply reservation charges, and the charges were not included in the WACOD charges assessed to Marketers for released capacity. Therefore, these significant gas supply reservation charges were only paid for by retail sales customers. The Division found this unreasonable and recommended that the Commission direct the Company to work with the Division to evaluate the Company's current cost allocation procedures for assigned interstate pipeline firm transportation capacity and reflect modifications to the current approach which addresses the allocation of gas supply reservation charges, and to present those modifications in next year's GCR filing. In Docket No. 4693, the Commission accepted the Division's recommendation.

Q. DID NATIONAL GRID WORK WITH THE DIVISION TO ADDRESS THE ALLOCATION OF GAS SUPPLY RESERVATION CHARGES?

A. Yes. In consultation with the Division, National Grid filed on September 1, 2020 in Docket No. 5067, to modify its existing capacity assignment procedures to assign to Marketers a *pro-rata* share of each of its interstate pipeline firm transportation capacity paths with a MDQ of at least 2,000 Dth. Under this proposal, with the exception subsequently discussed, Marketers would be assigned a *pro-rata* share of the capacity paths requiring the payment of gas supply reservation charges, and the Company would not incur gas supply reservation charges on the released capacity which would subsequently be assessed to retail GCR customers.

Q. WHAT IS THE EXCEPTION TO THE *PRO-RATA* ASSIGNMENT OF CAPACITY PATHS REQUIRING THE PAYMENT OF GAS SUPPLY RESERVATION CHARGES AND SHOULD THE COMPANY'S CAPACITY ASSIGNMENT PROPOSAL BE APPROVED?

A. Under its initial Customer Choice proposal and as previously discussed, Everett FT contract capacity would not be assigned to Marketers, and the gas supply reservation charges required under the gas supply contracts executed to fill the Everett FT contract capacity would be recovered solely from GCR sales customers and FT-2 customers. As previously indicated, FT-1 customers should share in the responsibility for these charges. However, as also previously discussed, the Company has modified its initial proposal to recover peak hour-related costs through the DAC to include the fixed demand charges associated with 5,000 Dth per day of Everett FT capacity and the gas supply reservation charges associated with recently executed Everett gas supply arrangement for 5,000 Dth per day. With this adjustment, the Division finds that the Company's proposed modifications to its Choice Program adequately addresses the Division's concerns expressed in Docket No. 4963 regarding gas supply reservation charges.

IV. GAS PROCUREMENT INCENTIVE PLAN AND NATURAL GAS PORTFOLIO MANAGEMENT PLAN

Q. BRIEFLY DESCRIBE THE COMPANY'S GPIP AND NGPMP.

A. The GPIP is a hedging program designed to mitigate the volatility of National Grid's natural gas costs and to encourage the Company to achieve lower-hedged commodity costs for GCR customers. The details of the GPIP are provided in Attachment JMP-1 of the Company's GCR filing.

Under the NGPMP, the Company uses its interstate pipeline firm transportation contracts, underground storage contracts, peaking supplies, and gas supply contracts, when not required to meet GCR customer requirements to generate incremental revenue generally through off-system transactions. The Company is provided an incentive to engage in these activities under the NGPMP. The details of the NGPMP are provided in Attachment JMP-3 of the Company's GCR filing.

Q. DID YOU REVIEW THE RESULTS OF THE COMPANY'S GPIP AND NGPMP?

A. Yes.

Q. DID YOUR REVIEW IDENTIFY ANY CONCERNS WITHIN THE INCENTIVE AWARDS CALCULATED BY THE COMPANY UNDER EACH PLAN?

A. No, it did not.

Q. DID NATIONAL GRID WORK WITH THE DIVISION TO DEVELOP DATA EXCHANGE PROTOCOLS FOR THE GPIP AND NGPMP TO PROVIDE ADDITIONAL TRANSPARENCY AND ALLOW MORE EFFICIENT AUDITING AS DIRECTED BY THE COMMISSION IN DOCKET NO. 4963?

A. Yes. With respect to the GPIP, the Company and the Division were successful in developing data exchange protocols to provide additional transparency and allow more efficient auditing. With respect to the NGPMP, the data requirements are more detailed and complex, and the Company and the Division continue to work on developing data exchange protocols. Therefore, I recommend that the Commission direct the Company to continue to work with the Division to develop data exchange protocols for the NGPMP.

Q. DID YOUR REVIEW OF THE COMPANY'S ACTIVITIES UNDER THE GPIP REVEAL ANY CONCERNS?

A. Yes. The purpose of the GPIP hedging program is to mitigate gas cost volatility. As explained in greater detail in Attachment JMP-1, this is accomplished by requiring the Company to purchase a portion of its gas in approximately uniform monthly increments on a mandatory basis starting 24 months prior to the month of delivery (mandatory hedges). However, the Company and the Division may agree to accelerate a portion of the mandatory hedges. The Division's review of National Grid's GPIP activity indicates that the Company has adopted a policy of accelerating approximately one-third of its mandatory purchases and making those purchases all on one day two years prior to the month of delivery. This is inconsistent with the objective of the GPIP to mitigate gas cost volatility. The mitigation of gas cost volatility is achieved by diversifying the timing of purchases. The Division recommends that the Company further diversify the timing of its accelerated purchases and limit the use of accelerated purchase to a period when current NYMEX prices are lower than average historic prices. For example, if current NYMEX prices are less than the average closing prices for the most recent three- or five-year period.

V. UPDATED COST PROJECTIONS

Q. HOW DID NATIONAL GRID DEVELOP THE GAS SUPPLY COMMODITY COST PROJECTIONS INCLUDED IN ITS GCR FILING?

A. The proposed GCR factors are based on the NYMEX forward curves as of the close of trading on August 6, 2020.

Q. HAVE NYMEX PRICES CHANGED SINCE AUGUST 6, 2020?

A. Yes. NYMEX prices for the November 1, 2020 through October 31, 2020 GCR period have increased somewhat since August 6, 2020. Therefore, the Division recommends that the Company update its GCR rate projections in its rebuttal testimony to reflect the most recent projections of gas supply commodity prices if doing so results in a material change in GCR rates (e.g., 5 percent). Updating the Company's GCR rate projections will assist in minimizing potential over/under collections.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.