

**IN THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**IN RE:**

**PETITION OF PIEDMONT NATURAL  
GAS COMPANY, INC., for an  
Adjustment to Its Rates, Approval of  
Changes to Its Rate Design, Amortization  
of Certain Deferred Assets, Approval of  
New Depreciation Rates, Approval of  
Revised Tariffs and Service Regulations,  
and Approval of a New Energy Efficiency  
Program and GTI Funding**

Filed electronically in  
TRA Docket Room  
09/23/11

**DOCKET NO. 11-00144**

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**FIRST DISCOVERY REQUEST OF THE CONSUMER ADVOCATE AND  
PROTECTION DIVISION TO PIEDMONT NATURAL GAS COMPANY**

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To: Piedmont Natural Gas Company, Inc.  
c/o James H. Jeffries IV  
Moore & Van Allen PLLC  
100 N. Tryon Street, Suite 4700  
Charlotte, NC 28202

And

R. Dale Grimes, Esq.  
Bass, Berry & Sims PLC  
150 Third Avenue South  
Nashville, TN 37201

This Discovery Request is hereby served upon Piedmont Natural Gas Company ("Piedmont" or "Company"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. We request that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o Ryan L. McGehee, Assistant Attorney General, on or before the date required by any Scheduling Order entered in this Docket.

## **PRELIMINARY MATTERS AND DEFINITIONS**

Each discovery request calls for all knowledge, information and material available to Piedmont, as a party, whether it be Piedmont's, in particular, or knowledge, information or material possessed or available to Piedmont's attorney or other representative.

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Piedmont which would make a prior response inaccurate, incomplete, or incorrect. In addition, the Attorney General requests that Piedmont supplement responses hereto with respect to any question directly addressed to the identity and location of persons having knowledge of discoverable matters, and the identity of each person expected to be called as an expert at hearing, the subject matter on which the expert is expected to testify, and the substance of the expert's testimony.

These discovery requests are to be interpreted broadly to fulfill the benefit of full discovery. The singular of any discovery request includes the plural and the plural includes the singular. To assist you in providing full and complete discovery, the Attorney General provides the following definitional guidelines.

The terms "and" and "or" shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

The term "communication" means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

For purposes of these discovery requests, the term "you" shall mean and include: Piedmont Natural Gas Company, Inc. and all employees, agents and representatives thereof.

The term "person" or "persons" as used herein refers to any natural person, corporation,

firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever. Where a company or organization is the party being served, all responses must include the company's response. Moreover, the company's designated person for responding must assure that the company provides complete answers. *A complete answer must provide a response which includes all matters known or reasonably available to the company.*

The term "identity" and "identify" as used herein, with respect to any person, means to provide their name, date of birth, current residence address, current residence telephone number, current business address, current business telephone number, and the occupation or job title of that person; with respect to an entity, those terms mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by that entity; with respect to any document, those terms mean to provide the date of the document, the nature of the document, the title of the document, the reference number (if any) of the document, and the current location of the document, including the identity of the person or entity in possession of the document.

The term "document" as used herein, means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, work paper, spreadsheet, note, photograph, tape recording, computer disk or record, or other data compilation in any form without limitation. Produce the original and each copy, regardless of origin or location, of any book, pamphlet, periodical, letter, note, report, memorandum (including memoranda, note or report of a meeting or conversation), spreadsheet, photograph, videotape, audio tape, computer disk, e-mail, or any other written, typed, reported, transcribed, punched, taped, filmed, or graphic matter, however produced or reproduced, which is in your possession, custody or control or

which was, but is no longer, in your possession, custody, or control. If any such document was, but no longer is, in your possession or control, state what disposition was made of it and when. If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy), each version shall be treated as a different document and each must be identified and produced.

If you produce documents in response to these discovery requests, produce the original of each document or, in the alternative, produce a copy of each document and identify the location of the original document. If the "original" document is itself a copy, that copy should be produced as the original.

If any objections are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege asserted.

If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

If any of the interrogatories are not answered on the basis of privilege or immunity, include in your response to each such interrogatory a written statement evidencing:

- (a) the nature of the communication;
- (b) the date of the communication;
- (c) the identity of the persons present at such communication; and
- (d) a brief description of the communication sufficient to allow the Authority to rule on a motion to compel.

If, for any reason, you are unable to answer a discovery request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate and 2) such information available to you as comes closest to providing the information requested. If you have reason to believe that other sources of more complete and accurate

information exist, identify those sources.

If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

### **FIRST DISCOVERY REQUESTS**

**REQUEST NO. 1:** Identify each and every person whom the company expects to call as an expert witness at the hearing on the merits of this matter and the subject matter on which the expert is expected to testify.

**RESPONSE:**

**REQUEST NO. 2:** Provide a copy of the monthly NOAA reports for the Nashville weather station showing the daily high temperature, daily low temperature and daily heating degree days from 1980 through 2010.

**RESPONSE:**

**REQUEST NO. 3:** For each of the Company's rate tariffs, provide a schedule showing the number of customers, total sales, total margin at current rates, total margin at proposed rates and the percentage increase in margin in incremental 1% usage blocks for the test period.

**RESPONSE:**

**REQUEST NO. 4:** Provide a copy of the Company's current tariffs in North and South

Carolina.

**RESPONSE:**

**REQUEST NO. 5:** Refer to Company Exhibit DPY-5, Schedules 8 - 13. Provide the source and support in excel format with all formulas intact for the Company's Allocated Cost of Service Study including the development of all allocation factors used in the study. Also, explain why this information was not properly included with the Company's response to MFR #55.

**RESPONSE:**

**REQUEST NO. 6:** Refer to Company Exhibit DPY-10. Provide the source and support in excel format with all formulas intact for the Company's calculation of Average Monthly Use, Peak Monthly Use, and Projected NGV Monthly Load Factor. Also, explain why this information was not properly included with the Company's response to MFR #55.

**RESPONSE:**

**REQUEST NO. 7:** Provide, in excel format, the hiring date and termination date by employee monthly, for the test year ended 5/31/11. Include in your response the amount of any employment separation payments and the amount charged for terminated employees.

**RESPONSE:**

**REQUEST NO. 8:** Provide, in excel format, the payroll capitalization percentage rates for the years ended 5/31/08 and 5/31/09.

**RESPONSE:**

**REQUEST NO. 9:** Provide, in excel format, the Mission – Values – Performance (MVP) plan, the Annual Incentive Plan (AIP) and Long-Term Incentive Plan (LTIP) amounts included in Salary and Payroll expenses for the test year ended 5/31/11, by employee, by month. In addition, provide, in excel format, the MVP Plan, AIP Plan, and LTIP Plan amounts included in Salary and Payroll expenses for the years ended 5/31/2008, 5/31/2009, and 5/31/2010.

**RESPONSE:**

**REQUEST NO. 10:** Provide the Tennessee Direct wage (union and non-union) headcounts for the years ended 5/31/08, 5/31/09, and 5/31/10.

**RESPONSE:**

**REQUEST NO. 11:** Provide the number of part time employees, union, non-union, and salaried, for the test year ended 5/31/11.

**RESPONSE:**

**REQUEST NO. 12:** Provide, in excel format, the hire and termination dates of all partial year employees (not open positions) for the test year ended 5/31/11.

**RESPONSE:**

**REQUEST NO. 13:** Provide in excel format, the account and amount for any non-recurring charges, such as non-jurisdictional expenses, outside service expenses, and outsourcing of costs for the twelve months ended 5/31/2011.

**RESPONSE:**

**REQUEST NO. 14:** Provide, in excel format, monthly, the Bad Debt (Uncollectible Accounts) Actual Write-offs, the PGA Actual Write-offs, the Average Percentage, the Total Amounts (Payments) Recovered, the PGA Amounts Recovered, the Average Percentage, the Net Write-offs, and the Unrecovered Margin for the test year 5/31/11.

**RESPONSE:**

**REQUEST NO. 15:** Provide, in excel format, all of the lobbying expenses for the years ended 5/31/08, 5/31/09, 5/31/10.

**RESPONSE:**

**REQUEST NO. 16:** Provide, in excel format, the employee number and the salary and benefit expenses for employee Eddie Davidson for the test year ended 5/31/11.

**RESPONSE:**

**REQUEST NO. 17:** Provide, in excel format, using FERC account numbers, all of the work papers and documents, and supporting calculations for each of the adjustments in exhibit PKP-1, Schedule 3, Page 1, Line 7, and page 3, line 5.

**RESPONSE:**

**REQUEST NO. 18:** Provide, in excel format, the actual pension amount awarded by the TRA in Docket 03-00391.



**RESPONSE:**

**REQUEST NO. 19:** Provide, in excel format, the actual pension amounts contributed in the following years: 2003, 2004, 2005, 2006, 2007, 2008, 2009, and 2010.

**RESPONSE:**

**REQUEST NO. 20:** Provide the latest Pension Plan actuarial report dated 2011.

**RESPONSE:**

**REQUEST NO. 21:** Provide, in excel format, the accounts, dates, and payees for athletic events and social club expenses during the test year ended 5/31/11.

**RESPONSE:**

**REQUEST NO. 22:** Provide, in excel format, a listing of any expense equal to or greater than \$5000 paid to any vendor, for any expense, during the test year ended 5/31/2011. List the payee, account number, FERC account number, date, business reason, and amount. Indicate if the expense is recurring or non-recurring. Include Tennessee and Corporate Office items.

**RESPONSE:**

**REQUEST NO. 23:** Provide the anticipated allocation factor for the attrition year ended 2/28/13 for corporate charges to Tennessee Direct.

**RESPONSE:**

**REQUEST NO. 24:** Provide, in excel format, the Operation and Maintenance expenses for the attrition year ended 2/28/13 in the format of MFR 42.

**RESPONSE:**

**REQUEST NO. 25:** Provide the actual and estimated State of Tennessee Gross Receipts Tax Returns due August 1, 2011 and August 1, 2012.

**RESPONSE:**

**REQUEST NO. 26:** Provide the estimated State of Tennessee Franchise and Excise Tax Return due August 15, 2012 and August 15, 2013.

**RESPONSE:**

**REQUEST NO. 27:** Provide the unequalized ad valorem assessment amounts for Piedmont Natural Gas Company (Tennessee Operations) as of August 31, 2011 and August 31, 2010 and copies of all ad valorem tax bills paid before March 1, 2011.

**RESPONSE:**

**REQUEST NO. 28:** Provide the total unequalized ad valorem assessment amount for 2007, 2008, and 2009.

**RESPONSE:**

**REQUEST NO. 29:** Provide the basis for utilizing a 6.8% state income tax rate per Exhibit PKP-1, Schedule 3, Page 4, Line 8 rather than the statutory rate of 6.5%.

**RESPONSE:**

**REQUEST NO. 30:** Provide a mapping from Piedmont Natural Gas (PNG) (Tennessee Operations) chart of account amounts to the amounts per PNG Exhibit PKP-1, Schedule 3, lines 1 through 25 for the test year ending May 31, 2011 and the attrition year ending February 28, 2013.

**RESPONSE:**

**REQUEST NO. 31:** Provide in working excel format the information for Plant in Service and Accumulated Depreciation by account for Piedmont Natural Gas Company (Tennessee Operations) in the following format as of May 31, 2011:

(1)	(2)	(3)	(4)	(5)	(6)
FERC	Account	Plant in Service	Current	Accumulated	Net
<u>Account #</u>	<u>Description</u>	<u>Balance</u>	<u>Depreciation Rate</u>	<u>Depreciation</u>	<u>Book Value</u>

**RESPONSE:**

**REQUEST NO. 32:** Provide in working excel format the information for Plant in Service and Accumulated Depreciation by account allocated by Piedmont Corporate Services to Piedmont Natural Gas Company (Tennessee Operations) in the following format as of May 31, 2011:

(1)	(2)	(3)	(4)	(5)	(6)
FERC	Account	Plant in Service	Current	Accumulated	Net
<u>Account #</u>	<u>Description</u>	<u>Balance</u>	<u>Depreciation Rate</u>	<u>Depreciation</u>	<u>Book Value</u>

**RESPONSE:**

**REQUEST NO. 33:** Provide in working excel format the forecasted plant additions, plant retirements, salvage, and the cost of removal by FERC account by month for Piedmont Natural Gas Company (Tennessee Operations) from May 2011 through February 28, 2013.

**RESPONSE:**

**REQUEST NO. 34:** Provide in working excel format the forecasted plant additions, plant retirements, salvage, and the cost of removal by FERC account by month allocated by Piedmont Corporate Services to Piedmont Natural Gas Company from May 2011 through February 28, 2013.

**RESPONSE:**

**REQUEST NO. 35:** Provide in working excel format the actual Construction Work in Progress for Piedmont Natural Gas Company (Tennessee Operations) at May 31, 2011.

**RESPONSE:**

**REQUEST NO. 36:** Provide in working excel format the actual Construction Work in Progress allocated by Piedmont Corporate Services to Piedmont Natural Gas Company (Tennessee Operations) at May 31, 2011.

**RESPONSE:**

**REQUEST NO. 37:** Provide in working excel format the actual Materials & Supplies for Piedmont Natural Gas Company (Tennessee Operations) at May 31, 2011.

**RESPONSE:**

**REQUEST NO. 38:** Provide all work papers, calculations, and supporting documentation for Piedmont's Natural Gas (Tennessee Operations) forecast of Stored Gas Inventory from May 31, 2011 to February 28, 2013. Include in your response all monthly injections and withdrawals of LNG from stored gas inventory (dollars and volumes).

**RESPONSE:**

**REQUEST NO. 39:** Provide all work papers, calculations, and supporting documentation for Piedmont's Natural Gas (Tennessee Operations) forecast of Stored Gas Inventory using the NYMEX future price at May 31, 2011.

**RESPONSE:**

**REQUEST NO. 40:** Provide all work papers, calculations, and supporting documentation for Piedmont's Natural Gas (Tennessee Operations) forecast of Deferred Rate Case.

**RESPONSE:**

**REQUEST NO. 41:** Provide the actual Accumulated Deferred Income Taxes per Piedmont Natural Gas Company (Tennessee Operations) Exhibit PKP-1, Schedule 3, Line 25 at May 31, 2011 and monthly net additions through February 28, 2013.

**RESPONSE:**

**REQUEST NO. 42:** Provide the actual Accumulated Deferred Income Taxes per Piedmont Corporate Services Exhibit PKP-1, Schedule 3, Line 25 at May 31, 2011 and monthly net additions through February 28, 2013 allocated to Piedmont Natural Gas Company (Tennessee Operations) at May 31, 2011 and monthly net additions through February 28, 2013.

**RESPONSE:**

**REQUEST NO. 43:** Provide the actual Contributions in Aid of Construction per Piedmont Natural Gas Company (Tennessee Operations) Exhibit PKP-1, Schedule 3, Line 21 at May 31, 2011 and monthly net additions through February 28, 2013.

**RESPONSE:**

**REQUEST NO. 44:** Provide the actual Customer Advances for Construction per Piedmont Natural Gas Company (Tennessee Operations) Exhibit PKP-1, Schedule 3, Line 20 at May 31, 2011 and monthly net additions through February 28, 2013.

**RESPONSE:**

**REQUEST NO. 45:** Provide the formula for the "adjustment recommended by Ibbotson Associates" referenced on page 43 of Dr. Murry's testimony and explain how it was applied by Dr. Murry. Include the calculations performed by Dr. Murry in following this method.

**RESPONSE:**

**REQUEST NO. 46:** Provide a copy of the entire summary table in Ibbotson Associates 2011 SBBI Yearbook: Valuation Edition referenced on Dr. Murry's schedules DAM-21 and DAM-22 that shows the Total Returns, Income Returns, and Capital Appreciation for Basic Asset Classes. This should include the summary statistics for annual returns for Large Company Stocks, Long-Term Corporate Bonds, Long Term Government Bonds, Intermediate Term Government Bonds, and Treasury Bills as well as any other asset classes utilized by Dr. Murry.

**RESPONSE:**

**REQUEST NO. 47:** Provide copies of any documents or other support for Dr. Murry's statement on page 50, lines 5-8, of his testimony that, "After Tax Interest Coverage for Piedmont of 3.28 times....is consistent with the recent industry standards."

**RESPONSE:**

**REQUEST NO. 48:** Provide the capital structure for Piedmont Natural Gas on June 30, 2007 and 2008 in a format similar to that of Exhibit DJD-1 to the testimony of Mr. Dzuricky.

**RESPONSE:**

**REQUEST NO. 49:** Provide calculations of the weighted average embedded cost of long term debt for Piedmont Natural Gas as of June 30, 2010, 2009, 2008 and 2007, in a format similar to Exhibit DJD-2 to Mr. Dzuricky's testimony.

**RESPONSE:**

**REQUEST NO. 50:** Provide calculations of the embedded cost of short-term debt for Piedmont Natural Gas for the fiscal years ending June 30, 2010, 2009, 2008 and 2007 in a format similar to Exhibit DJD-3 to Mr. Dzuricky's testimony.

**RESPONSE:**

**REQUEST NO. 51:** Provide the instructions and/or training manual provided by Piedmont to the Company's personnel/customer service representatives for scenarios in which a Piedmont customer contacts the Company with an emergency. In responding to this request, the Company may consider an "emergency" as an explosion or reported and/or suspected natural gas or carbon monoxide leak within a home or business. In responding to this request, the Company may limit the response to excerpts of instructions, training materials and/or official protocols pertaining to emergency situations.

**RESPONSE:**

**REQUEST NO. 52:** Provide copies of any consumer complaints received by Piedmont since September 22, 2010. In responding to this request, Piedmont should provide copies of complaints made in writing or complaints made by phone or other media for which the Company has documentation.

**RESPONSE:**



**REQUEST NO. 53:** Referencing tariff "Service Schedule No. 312" and the Company's Equal Payment Plan ("EPP"), provide an example of the notice (i.e. "notation on bill, bill insert or separate mailing") provided to consumers when there are EPP adjustments.

**RESPONSE:**

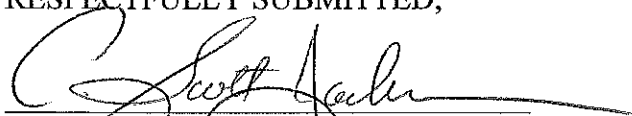
**REQUEST NO. 54:** Provide the number of customers that currently participate in the EPP.

**RESPONSE:**

**REQUEST NO. 55:** Referencing tariff "Service Schedule No. 312", the Company indicates more than one adjustment may be made annually to the EPP. Provide the number of EPP adjustments made since September 1, 2007.

**RESPONSE:**

RESPECTFULLY SUBMITTED,



RYAN L. MCGEHEE (BPR# 25559)

Assistant Attorney General

C. SCOTT JACKSON (BPR # 11005)

Senior Counsel

Office of the Attorney General and Reporter

Consumer Advocate and Protection Division

P.O. Box 20207

Nashville, TN 37202-0207

(615) 532-9636

## CERTIFICATE OF SERVICE

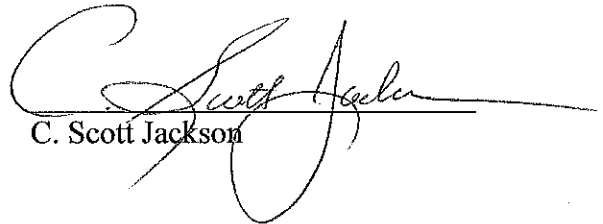
I hereby certify that a copy of the foregoing is being forwarded via U.S. mail, to:

R. Dale Grimes, Esq.  
Bass, Berry & Sims PLC  
150 Third Avenue South  
Nashville, TN 37201

James H. Jeffries IV  
Moore & Van Allen PLLC  
100 N. Tryon Street, Suite 4700  
Charlotte, NC 28202

Jane Lewis-Raymond  
Senior Vice President & General Counsel  
Piedmont Natural Gas Company, Inc.  
Post Office Box 33068  
Charlotte, NC 28233

on this the 23<sup>rd</sup> day of SEPTEMBER, 2011.



C. Scott Jackson