

**BASS BERRY ♦ SIMS<sub>PC</sub>**

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April 13, 2016

**Via U.S. Mail**  
**And Email**

David Foster  
Chief, Utilities Division  
Tennessee Regulatory Authority  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

***Re: Petition of Piedmont Natural Gas Company, Inc. for Approval of an Integrity Management Rider to its Approved Rate Schedules and Service Regulations***

Dear Mr. Foster:

Pursuant to the direction of Sharla Dillon, Clerk of the Tennessee Regulatory Authority, I have enclosed Piedmont Natural Gas Company's Integrity Management Monthly Report for the Month Ending February 29, 2016.

On December 18, 2013, the Authority approved Piedmont's Integrity Management Rider as proposed in Docket No. 13-00118. Paragraph 7 of Service Schedule 317 requires monthly reports to be filed within 45 days after the end of the month for which the report is being filed. This filing consists of various schedules constituting Piedmont's monthly report for the month ending February 29, 2016.

Should you have any questions concerning this matter, please do not hesitate to contact me at the email address or telephone number listed above.

With kindest regards, I remain

Very truly yours,



R. Dale Grimes

Enclosure

**Cumulative Integrity Management Investment Amount**  
**Actual Integrity Management Investment, by Integrity Project Type**

Line No.		Current Vintage Year: Vintage Year 4			All Vintage Years
		February 2016 Capital Expenditure <sup>1</sup>	Prior Cumulative Capital Expenditure <sup>2</sup>	Cumulative Capital Expenditure as of February 2016 <sup>3</sup>	Cumulative Capital Expenditure as of February 2016 <sup>6</sup>
	<i>TN Direct</i>				
1	Corrosion Control	\$ -	\$ -	\$ -	\$ 5,159,550.29
2	Casing Remediation	\$ -	\$ 22,241.98	\$ 22,241.98	\$ 729,069.22
3	Distribution Integrity	\$ 792,281.97	\$ 3,263,927.66	\$ 4,056,209.63	\$ 23,067,183.92
4	Transmission Integrity	\$ 89,618.08	\$ 535,197.08	\$ 624,815.16	\$ 165,185,253.04
5	Total	\$ 881,900.05	\$ 3,821,366.72	\$ 4,703,266.77	\$ 194,141,056.47
	<i>Joint Property: CO3-State</i>				
6	OASIS Project (Work & Asset Management System)	\$ 4,064,855.26	\$ 3,835,017.16	\$ 7,899,872.42	\$ 97,940,920.30
7	TN % of CO-3 for Current Month <sup>4</sup>	17.16%			
8	Total Allocated to TN	\$ 697,529.16	\$ 658,088.95	\$ 1,355,618.11	\$ 17,540,683.21
9	Total Capital Expenditures [Line 5 + Line 8]	\$ 1,579,429.21	\$ 4,479,455.67	\$ 6,058,884.88	\$ 211,681,739.68
10	Less: Amount Included in the Attrition Period <sup>5</sup>	\$ -		\$ -	\$ 32,900,000.00
11	Total Integrity Management Investment	\$ 1,579,429.21	\$ 4,479,455.67	\$ 6,058,884.88	\$ 178,781,739.68

1/ Represents, for the current month, the actual Integrity Management Investment that is subject to this Rider

2/ Represents, as of the prior month, the cumulative Integrity Management Investment for the current Vintage Year that is subject to this Rider; this amount is shown in the prior month's report

3/ Represents, for the current Vintage Year through the current month, the cumulative Integrity Management Investment that is subject to this Rider

4/ Represents the TN% of Total Company Gas Plant Excluding Joint Property, which is updated annually

5/ Amount being recovered in existing base rates, per the Relevant Rate Order in Docket 11-00144

6/ Represents, for all Vintage Years through the current month, the cumulative Integrity Management Investment that is subject to this Rider. The cumulative Integrity Management Investment for Vintage Years 1, 2 and 3, which captures amounts through 10/31/15, is \$172,722,854.80 (\$100,306,282.52 for Vintage Year 1, \$53,974,676.19 for Vintage Year 2 & \$18,441,896.09 for Vintage Year 3).

**Detail of Current Month's Integrity Management Investment Amount**  
**Actual Capital Investment for Current Month, by Capital Funding Project**

Line No.	Capital Project Type	Funding Project Number	District	Funding Project Description	February 2016
1	DIMP-Distribution Integrity	FP1733760	17	Main St @ No 1st St	\$ 18,800.25
2	DIMP-Distribution Integrity	FP1733765	17	McGavock Pike	\$ 21.11
3	DIMP-Distribution Integrity	FP1733885	17	2nd Ave North 14" Replacement	\$ 7.47
4	DIMP-Distribution Integrity	FP1733931	17	Shelby Park RR Bridge Project	\$ 14,587.34
5	DIMP-Distribution Integrity	FP1733945	17	Old Hickory Blvd. @ Logistics Way R	\$ 3,751.56
6	DIMP-Distribution Integrity	FP1733946	17	State Rte 45 Over Cumberland River	\$ 699,021.50
7	DIMP-Distribution Integrity	FP1733947	17	Nolensville Rd. Over RR S of I-440	\$ 941.52
8	DIMP-Distribution Integrity	FP1734136	17	Jones St Renewal	\$ 53,064.92
9	DIMP-Distribution Integrity	FP1734239	17	47th Ave North	\$ 2,086.30
10	TIMP-Transmission Integrity	FP1733398	17	South Nashville 20"	\$ 72,153.59
11	TIMP-Transmission Integrity	FP1733747	17	White Bridge Road at Charlotte	\$ 1,166.59
12	TIMP-Transmission Integrity	FP1733929	17	White Bridge Road @ Post Rd. r	\$ 12,925.68
13	TIMP-Transmission Integrity	FP1733950	17	County Hospital Rd Station LNG	\$ 3,258.87
14	TIMP-Transmission Integrity	FP1734119	17	Line 307 Replacement	\$ 75.56
15	TIMP-Transmission Integrity	FP1734120	17	Line 311 Replacement	\$ 37.79
16	ISENP-Information Serv Enterprise	FP0026658	17	Work & Asset Management (OASIS)	\$ 4,064,855.26

**Total (unallocated)** **\$ 4,946,755.31**

17 subtotal: TN Direct (unallocated)

\$ 881,786.70

18 subtotal: CO-3 (unallocated)

\$ 4,064,855.26

**\$ 4,946,641.96**

**Schedule Detailing the Integrity Management Deferred Account Adjustment Recorded for the Month**

**Calculation of the IM Deferred Account Balance**

**Amount Due From (To) Customers per GL Account No. 25351**

<u>Line No.</u>			<u>Feb-16</u>
1	Beginning Balance	<i>Prior Month's IMR Report</i>	\$ (63,826.24)
2	IMR Revenue Recognition	<i>Prior Annual IMR Report</i>	3,493,505.82
3	(Collections from IM Adjustment)	<i>see Separate Schedule</i>	(3,685,955.19)
4	Ending Balance Before Interest	<i>sum Lines 1 thru 3</i>	(256,275.61)
5	Average Balance	<i>(Line 1 + Line 4) / 2</i>	(160,050.92)
6	Accrued Interest	<i>Line 5 * Line 9</i>	(433.42)
7	Ending Balance After Interest	<i>Line 4 + Line 6</i>	\$ (256,709.03)
8	Applicable Annual Interest Rate	<i>same as for ACA</i>	0.032500
9	Monthly Interest Rate	<i>Line 8 / 12</i>	0.002708
10	Actual GL #25351 EOM Balance	<i>per GL</i>	\$ (256,709.03)
11	Variance	<i>Line 7 - Line 10</i>	\$ 0.00

**Journal Entry: To Record Revenue**

01 01 25351 3 17 6250 489	3,493,505.82
01 01 48010 3 17 6220 489	(2,083,666.61)
01 01 48110 3 17 6220 489	(1,090,427.98)
01 01 48120 3 17 6220 489	(46,673.24)
01 01 48300 3 17 6220 489	(978.18)
01 01 48900 3 17 6220 489	(271,759.81)

**Journal Entry: To Record Interest**

01 01 25351 3 17 6250 626	(433.42)
01 01 43101 3 17 6220 626	433.42

**General Ledger Support**

**Integrity Management Deferred Account Adjustment Recorded for the Month**

Calculation of the IM Adjustment Collections:

		Feb - 2016		
Line No.		IM Adjustment (\$ per therm)	x Usage (therms)	= Collections (\$)
1	Residential (301)	0.10144	23,221,736	2,355,612.90
2	Small Commerical (302)	0.08861	10,080,158	893,202.80
3	Medium Commerical (352)	0.08861	2,452,795	217,342.16
4	Firm Lg General Sales (303)	0.03936	970,540	38,200.45
5	Firm Lg General Transportation (313)	0.03936	2,253,958	88,715.79
6	Firm Resale (310)	0.03936	-	-
7	Interruptible Lg General Sales (304)	0.00984	19,386	190.76
8	Interruptible Lg General Transportation (314)	0.00984	9,419,749	92,690.33
9	<b>Total</b>			<b>\$ 3,685,955.19</b>

**Journal Entry: To Record Collections**

01 01 48010 3 17 6220 489	2,355,612.90
01 01 48110 3 17 6220 489	893,202.80
01 01 48110 3 17 6220 489	217,342.16
01 01 48120 3 17 6220 489	38,200.45
01 01 48900 3 17 6220 489	88,715.79
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	190.76
01 01 48900 3 17 6220 489	92,690.33
01 01 25351 3 17 6250 489	(3,685,955.19)

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on April 13, 2016, a copy of the attached was served upon the following by electronic mail and by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, addressed as follows:

Emily Knight  
Office of the Attorney General  
Consumer Advocate and Protection Division  
Post Office Box 20207  
Nashville, Tennessee 37202  
Emily.Knight@ag.tn.gov

R. D. Quinn