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May 16, 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 March 31, 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 March 31, 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

**RECEIVED**

MAY 17 2016

TN REGULATORY AUTHORITY  
UTILITIES DIVISION

Enclosure

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

Current Vintage Year: Vintage Year 4					All Vintage Years
Line No.		March 2016 Capital Expenditure <sup>1</sup>	Prior Cumulative Capital Expenditure <sup>2</sup>	Cumulative Capital Expenditure as of March 2016 <sup>3</sup>	Cumulative Capital Expenditure as of March 2016 <sup>6</sup>
TN Direct					
1	Corrosion Control	\$ 302.70	\$ -	\$ 302.70	\$ 5,159,852.99
2	Casing Remediation	\$ 13,733.91	\$ 22,241.98	\$ 35,975.89	\$ 742,803.13
3	Distribution Integrity	\$ 319,369.55	\$ 4,056,209.63	\$ 4,375,579.18	\$ 23,386,553.47
4	Transmission Integrity	\$ 619,544.04	\$ 624,815.16	\$ 1,244,359.20	\$ 165,804,797.08
5	Total	\$ 952,950.20	\$ 4,703,266.77	\$ 5,656,216.97	\$ 195,094,006.67
Joint Property: CO3-State					
6	OASIS Project (Work & Asset Management System)	\$ 1,352,154.45	\$ 7,899,872.42	\$ 9,252,026.87	\$ 99,293,074.75
7	TN % of CO-3 for Current Month <sup>4</sup>	17.16%			
8	Total Allocated to TN	\$ 232,029.70	\$ 1,355,618.11	\$ 1,587,647.81	\$ 17,772,712.91
9	Total Capital Expenditures [Line 5 + Line 8]	\$ 1,184,979.90	\$ 6,058,884.88	\$ 7,243,864.78	\$ 212,866,719.58
10	Less: Amount Included in the Attrition Period <sup>5</sup>	\$ -		\$ -	\$ 32,900,000.00
11	Total Integrity Management Investment	\$ 1,184,979.90	\$ 6,058,884.88	\$ 7,243,864.78	\$ 179,966,719.58

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	March 2016
1	CORR-Corrosion Control	FP1733548	17	Nashville Distribution Remediation	\$ 302.70
2	CSNG-Casing & Remediation	FP1733743	17	O.H.B Casing #2766	13,733.91
3	DIMP-Distribution Integrity	FP1733753	17	3rd and Hart renewal-upgrade	1,062.77
4	DIMP-Distribution Integrity	FP1733760	17	Main St @ No 1st St	66,378.18
5	DIMP-Distribution Integrity	FP1733762	17	Grandview Ave	(33.58)
6	DIMP-Distribution Integrity	FP1733765	17	McGavock Pike	952.40
7	DIMP-Distribution Integrity	FP1733766	17	Overhill Circle	483.47
8	DIMP-Distribution Integrity	FP1733885	17	2nd Ave North 14" Replacement	25.76
9	DIMP-Distribution Integrity	FP1733931	17	Shelby Park RR Bridge Project	63,988.41
10	DIMP-Distribution Integrity	FP1733938	17	23rd Ave N @ Osage St	6,014.38
11	DIMP-Distribution Integrity	FP1733940	17	Hadley to Buffalo St & Wilmington	28,330.69
12	DIMP-Distribution Integrity	FP1733945	17	Old Hickory Blvd. @ Logistics Way R	1,231.38
13	DIMP-Distribution Integrity	FP1733946	17	State Rte 45 Over Cumberland River	54,358.75
14	DIMP-Distribution Integrity	FP1733947	17	Nolensville Rd. Over RR S of I-440	4,949.55
15	DIMP-Distribution Integrity	FP1734040	17	Metro Water building valve replace	223.74
16	DIMP-Distribution Integrity	FP1734136	17	Jones St Renewal	47,069.58
17	DIMP-Distribution Integrity	FP1734239	17	47th Ave North	44,334.07
18	TIMP-Transmission Integrity	FP1733398	17	South Nashville 20"	(2,030.08)
19	TIMP-Transmission Integrity	FP1733747	17	White Bridge Road at Charlotte	2,466.20
20	TIMP-Transmission Integrity	FP1733929	17	White Bridge Road @ Post Rd. r	614,049.63
21	TIMP-Transmission Integrity	FP1733950	17	County Hospital Rd Station LNG	4,861.82
22	TIMP-Transmission Integrity	FP1733989	17	Line 310 T Cut Out R1	195.75
23	TIMP-Transmission Integrity	FP1734119	17	Line 307 Replacement	0.48
24	TIMP-Transmission Integrity	FP1734120	17	Line 311 Replacement	0.24
25	ISENP-Information Serv Enterprise	FP0026658	17	Work & Asset Management (OASIS)	\$ 1,352,154.45

Total (unallocated)		\$ 2,305,104.65
26	subtotal: TN Direct (unallocated)	\$ 952,950.20
27	subtotal: CO-3 (unallocated)	\$ 1,352,154.45
		<u>\$ 2,305,104.65</u>

**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>Mar-16</u>
1	Beginning Balance	<i>Prior Month's IMR Report</i>	\$ (256,709.03)
2	IMR Revenue Recognition	<i>Prior Annual IMR Report</i>	2,637,853.52
3	(Collections from IM Adjustment)	<i>see Separate Schedule</i>	(2,655,808.96)
4	Ending Balance Before Interest	<i>sum Lines 1 thru 3</i>	(274,664.47)
5	Average Balance	<i>(Line 1 + Line 4) / 2</i>	(265,686.75)
6	Accrued Interest	<i>Line 5 * Line 9</i>	(719.48)
7	Ending Balance After Interest	<i>Line 4 + Line 6</i>	\$ (275,383.95)
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>	\$ (275,383.95)
11	Variance	<i>Line 7 - Line 10</i>	\$ 0.00

**Journal Entry: To Record Revenue**

01 01 25351 3 17 6250 489	2,637,853.52
01 01 48010 3 17 6220 489	(1,573,321.36)
01 01 48110 3 17 6220 489	(823,353.22)
01 01 48120 3 17 6220 489	(35,241.72)
01 01 48300 3 17 6220 489	(738.60)
01 01 48900 3 17 6220 489	(205,198.62)
	-

**Journal Entry: To Record Interest**

01 01 25351 3 17 6250 626	(719.48)
01 01 43101 3 17 6220 626	719.48

**General Ledger Support**

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

Calculation of the IM Adjustment Collections:

		Mar - 2016		
Line No.		IM Adjustment (\$ per therm)	x Usage (therms)	= Collections (\$)
1	Residential (301)	0.10144	16,284,942	1,651,944.52
2	Small Commerical (302)	0.08861	7,449,190	660,072.73
3	Medium Commerical (352)	0.08861	1,861,459	164,943.88
4	Firm Lg General Sales (303)	0.03936	647,513	25,486.11
5	Firm Lg General Transportation (313)	0.03936	1,767,021	69,549.95
6	Firm Resale (310)	0.03936	-	-
7	Interruptible Lg General Sales (304)	0.00984	12,064	118.71
8	Interruptible Lg General Transportation (314)	0.00984	8,505,392	83,693.06
9	<b>Total</b>			<b>\$ 2,655,808.96</b>

**Journal Entry: To Record Collections**

01 01 48010 3 17 6220 489	1,651,944.52
01 01 48110 3 17 6220 489	660,072.73
01 01 48110 3 17 6220 489	164,943.88
01 01 48120 3 17 6220 489	25,486.11
01 01 48900 3 17 6220 489	69,549.95
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	118.71
01 01 48900 3 17 6220 489	83,693.06
01 01 25351 3 17 6250 489	(2,655,808.96)

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on May 16, 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

