

**BASS BERRY + SIMS<sub>PLC</sub>**

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2016 SEP 15 AM 10:29

TRAFFIC ROOM  
September 14, 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 July 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 July 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

Enclosure

cc: Emily Knight

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

		Current Vintage Year: Vintage Year 4			All Vintage Years
Line No.		July 2016 Capital Expenditure <sup>1</sup>	Prior Cumulative Capital Expenditure <sup>2</sup>	Cumulative Capital Expenditure as of July 2016 <sup>3</sup>	Cumulative Capital Expenditure as of July 2016 <sup>6</sup>
TN Direct					
1	Corrosion Control	\$ 16,294.98	\$ 1,604.28	\$ 17,899.26	\$ 5,177,449.55
2	Casing Remediation	\$ -	\$ 35,975.89	\$ 35,975.89	\$ 742,803.13
3	Distribution Integrity	\$ 833,514.16	\$ 5,591,534.41	\$ 6,425,048.57	\$ 25,436,022.86
4	Transmission Integrity	\$ 1,451,421.39	\$ 2,695,311.63	\$ 4,146,733.02	\$ 168,707,170.90
5	Total	\$ 2,301,230.53	\$ 8,324,426.21	\$ 10,625,656.74	\$ 200,063,446.44
Joint Property: CO3-State					
6	OASIS Project (Work & Asset Management System)	\$ 1,204,063.74	\$ 15,218,562.93	\$ 16,422,626.67	\$ 106,463,674.55
7	TN % of CO-3 for Current Month <sup>4</sup>	17.16%			
8	Total Allocated to TN	\$ 206,617.34	\$ 2,611,505.40	\$ 2,818,122.74	\$ 19,003,187.84
9	Total Capital Expenditures [Line 5 + Line 8]	\$ 2,507,847.87	\$ 10,935,931.61	\$ 13,443,779.48	\$ 219,066,634.28
10	Less: Amount Included in the Attrition Period <sup>5</sup>	\$ -		\$ -	\$ 32,900,000.00
11	Total Integrity Management Investment	\$ 2,507,847.87	\$ 10,935,931.61	\$ 13,443,779.48	\$ 186,166,634.28

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	July 2016
1	CORR-Corrosion Control	FP1733548	17	Nashville Distribution Remediation	1.98
2	CORR-Corrosion Control	FP1734186	17	Nashville New Rectifier & Ground Be	4.77
3	CORR-Corrosion Control	FP1734289	17	Bridge Attachments Nashville	12,886.41
4	CORR-Corrosion Control	FP1734292	17	Upgrd NASH 2G to 3 G Comm Radio	3,401.82
5	DIMP-Distribution Integrity	FP1733760	17	Main St @ No 1st St	2,588.11
6	DIMP-Distribution Integrity	FP1733763	17	Harding Place	22,477.98
7	DIMP-Distribution Integrity	FP1733765	17	McGavock Pike	193,810.87
8	DIMP-Distribution Integrity	FP1733766	17	Overhill Circle	23,138.70
9	DIMP-Distribution Integrity	FP1733767	17	Fesslers LN	1.25
10	DIMP-Distribution Integrity	FP1733768	17	Raymond ST	3,289.66
11	DIMP-Distribution Integrity	FP1733885	17	2nd Ave North 14" Replacement	9,156.73
12	DIMP-Distribution Integrity	FP1733931	17	Shelby Park RR Bridge Project	8,475.05
13	DIMP-Distribution Integrity	FP1733938	17	23rd Ave N @ Osage St	235,844.83
14	DIMP-Distribution Integrity	FP1733945	17	Old Hickory Blvd. @ Logistics Way R	28.67
15	DIMP-Distribution Integrity	FP1733946	17	State Rte 45 Over Cumberland River	1,954.45
16	DIMP-Distribution Integrity	FP1733947	17	Nolensville Rd. Over RR S of I-440	210,224.45
17	DIMP-Distribution Integrity	FP1734136	17	Jones St Renewal	101,438.95
18	DIMP-Distribution Integrity	FP1734137	17	Overton St	6,492.34
19	DIMP-Distribution Integrity	FP1734138	17	Electric Avenue Project	3,221.97
20	DIMP-Distribution Integrity	FP1734239	17	47th Ave North	1,638.74
21	DIMP-Distribution Integrity	FP1734378	17	Overton Lea DIMP	9,731.41
22	TIMP-Transmission Integrity	FP1733398	17	South Nashville 20"	39,609.31
23	TIMP-Transmission Integrity	FP1733929	17	White Bridge Road @ Post Rd. r	1,354,494.38
24	TIMP-Transmission Integrity	FP1733950	17	County Hospital Rd Station LNG	2,673.67
25	TIMP-Transmission Integrity	FP1733989	17	Line 310 T Cut Out R1	28.64
26	TIMP-Transmission Integrity	FP1734119	17	Line 307 Replacement	51,434.51
27	TIMP-Transmission Integrity	FP1734120	17	Line 311 Replacement	3,180.88
28	ISENP-Information Serv Enterprise	FP0026658	00	Work & Asset Management (OASIS)	1,204,063.74

Total (unallocated)

\$ 3,505,294.27

26 subtotal: TN Direct (unallocated)

\$ 2,301,230.53

27 subtotal: CO-3 (unallocated)

\$ 1,204,063.74

\$ 3,505,294.27

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>Jul-16</u>
1	Beginning Balance	<i>Prior Month's IMR Report</i>	\$ 384,050.20
2	IMR Revenue Recognition	<i>Prior Annual IMR Report</i>	711,564.22
3	(Collections from IM Adjustment)	<i>see Separate Schedule</i>	(516,941.60)
4	Ending Balance Before Interest	<i>sum Lines 1 thru 3</i>	578,672.82
5	Average Balance	<i>(Line 1 + Line 4) / 2</i>	481,361.51
6	Accrued Interest	<i>Line 5 * Line 9</i>	1,404.13
7	Ending Balance After Interest	<i>Line 4 + Line 6</i>	\$ 580,076.95
8	Applicable Annual Interest Rate	<i>same as for ACA</i>	0.035000
9	Monthly Interest Rate	<i>Line 8 / 12</i>	0.002917
10	Actual GL #25351 EOM Balance	<i>per GL</i>	\$ 580,076.95
11	Variance	<i>Line 7 - Line 10</i>	\$ 0.00

Journal Entry: To Record Revenue

01 01 25351 3 17 6250 489	711,564.22
01 01 48010 3 17 6220 489	(424,405.36)
01 01 48110 3 17 6220 489	(222,100.54)
01 01 48120 3 17 6220 489	(9,506.50)
01 01 48300 3 17 6220 489	(199.24)
01 01 48900 3 17 6220 489	(55,352.58)
	-

Journal Entry: To Record Interest

01 01 25351 3 17 6250 626	1,404.13
01 01 43101 3 17 6220 626	(1,404.13)

**General Ledger Support**

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

Calculation of the IM Adjustment Collections:

		July - 2016			
Line No.		IM Adjustment (\$ per therm)	x	Usage (therms)	= Collections (\$)
1	Residential (301)	0.10144		1,888,665	191,586.18
2	Small Commerical (302)	0.08861		1,726,429	152,978.87
3	Medium Commerical (352)	0.08861		550,093	48,743.74
4	Firm Lg General Sales (303)	0.03936		364,574	14,349.63
5	Firm Lg General Transportation (313)	0.03936		1,064,383	41,894.11
6	Firm Resale (310)	0.03936		-	-
7	Interruptible Lg General Sales (304)	0.00984		21	0.21
8	Interruptible Lg General Transportation (314)	0.00984		6,848,461	67,388.86
9	<b>Total</b>				<b>\$ 516,941.60</b>

**Journal Entry: To Record Collections**

01 01 48010 3 17 6220 489	191,586.18
01 01 48110 3 17 6220 489	152,978.87
01 01 48110 3 17 6220 489	48,743.74
01 01 48120 3 17 6220 489	14,349.63
01 01 48900 3 17 6220 489	41,894.11
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	0.21
01 01 48900 3 17 6220 489	67,388.86
01 01 25351 3 17 6250 489	(516,941.60)

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on September 14, 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*