

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

**Nashville Office**  
150 Third Avenue South, Suite 2800  
Nashville, TN 37201  
(615) 742-6244

**RECEIVED**  
**R. Dale Grimes**  
dgrimes@bassberry.com

**Washington D.C. Office**  
1201 Pennsylvania Avenue NW, Suite 300  
Washington, DC 20004  
(202) 827-2961

2016 OCT 19 AM 11:56

T.R.A. DOCKET ROOM  
October 17, 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 August 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 August 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.                         |  | August 2016<br>Capital Expenditure <sup>1</sup> | Prior Cumulative<br>Capital Expenditure <sup>2</sup> | Cumulative<br>Capital Expenditure<br>as of August 2016 <sup>3</sup> | Cumulative<br>Capital Expenditure<br>as of August 2016 <sup>6</sup> |
| <i>TN Direct</i>                 |  |   |  |   |   |
| 1                                | Corrosion Control  | \$ 313.41                                       | \$ 17,899.26   | \$ 18,212.67  | \$ 5,177,762.96   |
| 2                                | Casing Remediation   | \$ -  | \$ 35,975.89   | \$ 35,975.89  | \$ 742,803.13   |
| 3                                | Distribution Integrity                                     | \$ 712,490.43                                   | \$ 6,425,048.57                                      | \$ 7,137,539.00   | \$ 26,148,513.29  |
| 4                                | Transmission Integrity                                     | \$ 612,275.15                                   | \$ 4,146,733.02                                      | \$ 4,759,008.17   | \$ 169,319,446.05   |
| 5                                | Total  | \$ 1,325,078.99                                 | \$ 10,625,656.74                                     | \$ 11,950,735.73  | \$ 201,388,525.43   |
| <i>Joint Property: CO3-State</i> |  |   |  |   |   |
| 6                                | OASIS Project (Work & Asset Management System)             | \$ 872,515.01                                   | \$ 16,422,626.67                                     | \$ 17,295,141.68  | \$ 107,336,189.56   |
| 7                                | TN % of CO-3 for Current Month <sup>4</sup>                | 17.16%  |  |   |   |
| 8                                | Total Allocated to TN                                      | \$ 149,723.58                                   | \$ 2,818,122.74                                      | \$ 2,967,846.32   | \$ 19,152,911.42  |
| 9                                | Total Capital Expenditures [Line 5 + Line 8]               | \$ 1,474,802.57                                 | \$ 13,443,779.48                                     | \$ 14,918,582.05  | \$ 220,541,436.85   |
| 10                               | Less: Amount Included in the Attrition Period <sup>5</sup> | \$ -  |  | \$ -  | \$ 32,900,000.00  |
| 11                               | <b>Total Integrity Management Investment</b>               | <b>\$ 1,474,802.57</b>                          | <b>\$ 13,443,779.48</b>                              | <b>\$ 14,918,582.05</b>   | <b>\$ 187,641,436.85</b>  |

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            | August 2016 |
|----------|-----------------------------------|------------------------|----------|--|-------------|
| 1        | CORR-Corrosion Control            | FP1733548              | 17       | Nashville Distribution Remediation     | 1.99        |
| 2        | CORR-Corrosion Control            | FP1734186              | 17       | Nashville New Rectifier & Ground Be    | 176.18      |
| 3        | CORR-Corrosion Control            | FP1734289              | 17       | Bridge Attachments Nashville           | 135.24      |
| 4        | DIMP-Distribution Integrity       | FP1733753              | 17       | 3rd and Hart Renewal - Upgrade         | 1,194.73    |
| 5        | DIMP-Distribution Integrity       | FP1733760              | 17       | Main St @ No 1st St                    | 436.08      |
| 6        | DIMP-Distribution Integrity       | FP1733761              | 17       | Kline Ave                              | 1,075.09    |
| 7        | DIMP-Distribution Integrity       | FP1733763              | 17       | Harding Place                          | 144.27      |
| 8        | DIMP-Distribution Integrity       | FP1733765              | 17       | McGavock Pike                          | 144,545.40  |
| 9        | DIMP-Distribution Integrity       | FP1733766              | 17       | Overhill Circle                        | 79,087.69   |
| 10       | DIMP-Distribution Integrity       | FP1733767              | 17       | Fesslers LN                            | 1.26        |
| 11       | DIMP-Distribution Integrity       | FP1733768              | 17       | Raymond ST                             | 76,506.59   |
| 12       | DIMP-Distribution Integrity       | FP1733885              | 17       | 2nd Ave North 14" Replacement          | 193.97      |
| 13       | DIMP-Distribution Integrity       | FP1733931              | 17       | Shelby Park RR Bridge Project          | 141,489.01  |
| 14       | DIMP-Distribution Integrity       | FP1733938              | 17       | 23rd Ave N @ Osage St                  | 9,664.42    |
| 15       | DIMP-Distribution Integrity       | FP1733945              | 17       | Old Hickory Blvd. @ Logistics Way R    | 1,304.84    |
| 16       | DIMP-Distribution Integrity       | FP1733946              | 17       | State Rte 45 Over Cumberland River     | 2,382.37    |
| 17       | DIMP-Distribution Integrity       | FP1733947              | 17       | Nolensville Rd. Over RR S of I-440     | 201,511.17  |
| 18       | DIMP-Distribution Integrity       | FP1734027              | 17       | Donelson St @ Robertson St             | 37.54       |
| 19       | DIMP-Distribution Integrity       | FP1734040              | 17       | Metro Water Building valve replacement | 3,144.10    |
| 20       | DIMP-Distribution Integrity       | FP1734105              | 17       | Anderson Lane                          | 4,348.46    |
| 21       | DIMP-Distribution Integrity       | FP1734137              | 17       | Overton St                             | 22,537.42   |
| 22       | DIMP-Distribution Integrity       | FP1734138              | 17       | Electric Avenue Project                | 22.21       |
| 23       | DIMP-Distribution Integrity       | FP1734378              | 17       | Overton Lea DIMP                       | 22,723.10   |
| 24       | DIMP-Distribution Integrity       | FP1734480              | 17       | Emergency Nesbit Lane                  | 140.71      |
| 25       | TIMP-Transmission Integrity       | FP1733398              | 17       | South Nashville 20"                    | 57,577.33   |
| 26       | TIMP-Transmission Integrity       | FP1733446              | 17       | Nashville "J" Line Replacement         | (10,651.45) |
| 27       | TIMP-Transmission Integrity       | FP1733747              | 17       | White Bridge Road at Charlotte         | 2,501.17    |
| 28       | TIMP-Transmission Integrity       | FP1733929              | 17       | White Bridge Road @ Post Rd. r         | 452,006.11  |
| 29       | TIMP-Transmission Integrity       | FP1733950              | 17       | County Hospital Rd Station LNG         | 1.12        |
| 30       | TIMP-Transmission Integrity       | FP1733989              | 17       | Line 310 T Cut Out R1                  | 2,540.25    |
| 31       | TIMP-Transmission Integrity       | FP1734029              | 17       | Line 310 Scheduled Digs                | 640.90      |
| 32       | TIMP-Transmission Integrity       | FP1734119              | 17       | Line 307 Replacement                   | 105,827.30  |
| 33       | TIMP-Transmission Integrity       | FP1734120              | 17       | Line 311 Replacement                   | 1,832.42    |
| 34       | ISENP-Information Serv Enterprise | FP0026658              | 00       | Work & Asset Management (OASIS)        | 872,515.01  |

Total (unallocated)

**\$ 2,197,594.00**

35 subtotal: TN Direct (unallocated)

**\$ 1,325,078.99**

36 subtotal: CO-3 (unallocated)

**\$ 872,515.01**

**\$ 2,197,594.00**

**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>Aug-16</u> |
|-----------------|----------------------------------|---------------------------------|---------------|
| 1               | Beginning Balance                | <i>Prior Month's IMR Report</i> | \$ 580,076.95 |
| 2               | IMR Revenue Recognition          | <i>Prior Annual IMR Report</i>  | 717,126.91    |
| 3               | (Collections from IM Adjustment) | <i>see Separate Schedule</i>    | (497,560.80)  |
| 4               | Ending Balance Before Interest   | <i>sum Lines 1 thru 3</i>       | 799,643.06    |
| 5               | Average Balance                  | <i>(Line 1 + Line 4) / 2</i>    | 689,860.01    |
| 6               | Accrued Interest                 | <i>Line 5 * Line 9</i>          | 2,012.32      |
| 7               | Ending Balance After Interest    | <i>Line 4 + Line 6</i>          | \$ 801,655.38 |
| 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>                   | \$ 801,655.38 |
| 11              | Variance                         | <i>Line 7 - Line 10</i>         | \$ -          |

Journal Entry: To Record Revenue

|                           |              |
|---------------------------|--------------|
| 01 01 25351 3 17 6250 489 | 717,126.91   |
| 01 01 48010 3 17 6220 489 | (427,723.17) |
| 01 01 48110 3 17 6220 489 | (223,836.82) |
| 01 01 48120 3 17 6220 489 | (9,580.81)   |
| 01 01 48300 3 17 6220 489 | (200.80)     |
| 01 01 48900 3 17 6220 489 | (55,785.31)  |
|                           | -            |

Journal Entry: To Record Interest

|                           |            |
|---------------------------|------------|
| 01 01 25351 3 17 6250 626 | 2,012.32   |
| 01 01 43101 3 17 6220 626 | (2,012.32) |

Piedmont Natural Gas Company, Inc.  
Integrity Management Rider  
State of Tennessee

Schedule 4

**General Ledger Support**

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

Calculation of the IM Adjustment Collections:

|                 |   | August - 2016                   |   |                   |                       |
|-----------------|---|---------------------------------|---|-------------------|-----------------------|
| <u>Line No.</u> |   | IM Adjustment<br>(\$ per therm) | x | Usage<br>(therms) | = Collections<br>(\$) |
| 1               | Residential (301)                             | 0.10144                         |   | 1,690,126         | 171,446.38            |
| 2               | Small Commerical (302)                        | 0.08861                         |   | 1,677,616         | 148,653.55            |
| 3               | Medium Commerical (352)                       | 0.08861                         |   | 533,928           | 47,311.36             |
| 4               | Firm Lg General Sales (303)                   | 0.03936                         |   | 407,660           | 16,045.50             |
| 5               | Firm Lg General Transportation (313)          | 0.03936                         |   | 1,122,602         | 44,185.61             |
| 6               | Firm Resale (310)                             | 0.03936                         |   | -                 | -                     |
| 7               | Interruptible Lg General Sales (304)          | 0.00984                         |   | 12,853            | 126.47                |
| 8               | Interruptible Lg General Transportation (314) | 0.00984                         |   | 7,092,676         | 69,791.93             |
| 9               | <b>Total</b>                                  |                                 |   |                   | <b>\$ 497,560.80</b>  |

Journal Entry: To Record Collections

|                           |              |
|---------------------------|--------------|
| 01 01 48010 3 17 6220 489 | 171,446.38   |
| 01 01 48110 3 17 6220 489 | 148,653.55   |
| 01 01 48110 3 17 6220 489 | 47,311.36    |
| 01 01 48120 3 17 6220 489 | 16,045.50    |
| 01 01 48900 3 17 6220 489 | 44,185.61    |
| 01 01 48300 3 17 6220 489 | -            |
| 01 01 48110 3 17 6220 489 | 126.47       |
| 01 01 48900 3 17 6220 489 | 69,791.93    |
| 01 01 25351 3 17 6250 489 | (497,560.80) |

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on October 17, 2016, a copy of the attached was served on 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  
P. O. Box 20207  
Nashville TN 37202  
Emily.Knight@ag.tn.gov

  
\_\_\_\_\_