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April 17, 2017

*Via Email
and Hand-Delivery*

David Foster
Chief, Utility Division
Tennessee Public Utilities Commission
502 Deaderick Street, Fourth Floor
Nashville, Tennessee 37243

**Re: *Piedmont Natural Gas Company, Inc.
Integrity Management Rider Monthly Report***

Dear Mr. Foster:

Enclosed is Piedmont Natural Gas Company's ("Piedmont" or "Company") Integrity Management Rider ("IMR") Monthly Report for the month ending February 28, 2017.

Paragraph 7 of Piedmont's Service Schedule 317 requires monthly IMR 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 IMR monthly report for the month ending February 28, 2017. Schedules 3 and 4 have been prepared in order to reflect the Tennessee Public Utility Commission's April 10, 2017 ruling in Docket No. 16-00140.

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 the kindest regards, I remain

Very truly yours,


R. Dale Grimes

cc: Pia Powers
Bruce Barkley
James Jeffries
Michelle Ramsey
Emily Knight

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

		Current Vintage Year: Vintage Year 5			All Vintage Years
Line No.		February 2017 Capital Expenditure ¹	Prior Cumulative Capital Expenditure ²	Cumulative Capital Expenditure as of February 2017 ³	Cumulative Capital Expenditure as of February 2017 ⁶
TN Direct					
1	Corrosion Control	\$ 47,528.03	\$ 207,732.93	\$ 255,260.96	\$ 5,452,224.85
2	Casing Remediation	\$ -	\$ -	\$ -	\$ 742,803.13
3	Distribution Integrity	\$ 2,936,358.73	\$ 4,818,192.81	\$ 7,754,551.54	\$ 36,732,285.71
4	Transmission Integrity	\$ 356,792.08	\$ 1,446,928.37	\$ 1,803,720.45	\$ 172,642,879.52
5	Total	\$ 3,340,678.84	\$ 6,472,854.11	\$ 9,813,532.95	\$ 215,570,193.21
Joint Property: CO3-State					
6	OASIS Project (Work & Asset Management System)	\$ 1,150,902.00	\$ 8,792,757.29	\$ 9,943,659.29	\$ 121,883,584.82
7	TN % of CO-3 for Current Month ⁴	16.30%			
8	Total Allocated to TN	\$ 187,597.03	\$ 1,449,152.43	\$ 1,636,749.46	\$ 21,579,661.97
9	Total Capital Expenditures [Line 5 + Line 8]	\$ 3,528,275.87	\$ 7,922,006.54	\$ 11,450,282.41	\$ 237,149,855.18
10	Less: Amount Included in the Attrition Period ⁵	\$ -		\$ -	\$ 32,900,000.00
11	Total Integrity Management Investment	\$ 3,528,275.87	\$ 7,922,006.54	\$ 11,450,282.41	\$ 204,249,855.18

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, 3 and 4, which captures amounts through 10/31/16, is \$192,799,572.77 (\$100,306,282.52 for Vintage Year 1, \$53,974,676.19 for Vintage Year 2, \$18,441,896.09 for Vintage Year 3 & \$20,076,717.97 for Vintage Year 4).

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 2017
1	CORR-Corrosion Control	FP1734186	17	Nashville New Rectifier & Ground Be	5,569.99
2	CORR-Corrosion Control	FP1734289	17	Bridge Attachments Nashville	22,330.27
3	CORR-Corrosion Control	FP1734388	17	Nashville MAG Anode 2017	7,879.23
4	CORR-Corrosion Control	FP1734389	17	FY17 Rectifier Monitors (Nashville)	906.60
5	CORR-Corrosion Control	FP1734481	17	Magnesium Anode Beds - Nashville	10,841.94
6	DIMP-Distribution Integrity	FP1733763	17	Harding Place	3,070.87
7	DIMP-Distribution Integrity	FP1733764	17	Sunnyside Drive	1.59
8	DIMP-Distribution Integrity	FP1733765	17	McGavock Pike	4,242.49
9	DIMP-Distribution Integrity	FP1733766	17	Overhill Circle	(10,199.26)
10	DIMP-Distribution Integrity	FP1733767	17	Fesslers LN	80,594.57
11	DIMP-Distribution Integrity	FP1733768	17	Raymond ST	136,420.53
12	DIMP-Distribution Integrity	FP1733931	17	Shelby Park RR Bridge Project	1,685,938.79
13	DIMP-Distribution Integrity	FP1733947	17	Nolensville Rd. Over RR S of I-440	11,821.30
14	DIMP-Distribution Integrity	FP1734138	17	Electric Avenue Project	34,135.03
15	DIMP-Distribution Integrity	FP1734378	17	Overton Lea DIMP	1,668.83
16	DIMP-Distribution Integrity	FP1734409	17	Monroe Harding Childrens Home	14,447.88
17	DIMP-Distribution Integrity	FP1734410	17	Georgia Ave Renewal	35,962.33
18	DIMP-Distribution Integrity	FP1734412	17	Vine Ridge Drive	116,434.17
19	DIMP-Distribution Integrity	FP1734413	17	McMurray Blvd Royal Elm Circle	30,279.82
20	DIMP-Distribution Integrity	FP1734414	17	Dreamland Drive Greenbrier Tn.	31,693.68
21	DIMP-Distribution Integrity	FP1734415	17	Foster Ave	14.95
22	DIMP-Distribution Integrity	FP1734416	17	Sadler Ave and Fox Ave	3,444.16
23	DIMP-Distribution Integrity	FP1734417	17	Rayon Drive Renewal	1.72
24	DIMP-Distribution Integrity	FP1734418	17	Turner St Renewal	3,507.45
25	DIMP-Distribution Integrity	FP1734419	17	Rosedale Ave	122,591.00
26	DIMP-Distribution Integrity	FP1734420	17	Snyder Street @ Lovell Street	104,732.84
27	DIMP-Distribution Integrity	FP1734422	17	Lynwood Blvd / Tyne Blvd _ DIM	491,733.89
28	DIMP-Distribution Integrity	FP1734431	17	Murfreesboro Road at ForestVie	601.15
29	DIMP-Distribution Integrity	FP1734480	17	Emergency Nesbit Lane	30,456.52
30	DIMP-Distribution Integrity	FP1734569	17	Enviro Science DIMP Project	2,760.94
31	DIMP-Distribution Integrity	FP1734592	17	Elm Hill Park Ext	1.49
32	TIMP-Transmission Integrity	FP1733398	17	South Nashville 20"	124,760.05
33	TIMP-Transmission Integrity	FP1733409	17	Line C and E TIMP retrofits	548.61
34	TIMP-Transmission Integrity	FP1733929	17	White Bridge Road @ Post Rd.	18,457.62
35	TIMP-Transmission Integrity	FP1734029	17	Line 310 Scheduled Digs	1,219.11
36	TIMP-Transmission Integrity	FP1734119	17	Line 307 Replacement	155,638.25
37	TIMP-Transmission Integrity	FP1734120	17	Line 311 Replacement	56,168.44
38	ISENP-Information Serv Enterprise	FP0026658	00	Work & Asset Management (OASIS)	1,150,902.00

Total (unallocated) **\$ 4,491,580.84**

39 subtotal: TN Direct (unallocated) \$ 3,340,678.84

40 subtotal: CO-3 (unallocated) \$ 1,150,902.00

\$ 4,491,580.84

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>Jan-17</u>	<u>Feb-17</u>
1	Beginning Balance	<i>Prior Month's IMR Report</i>	\$ 2,852,263.29	\$ 3,406,967.94
2	IMR Revenue Recognition	<i>Prior Annual IMR Report</i>	3,968,987.70	3,776,922.54 1/
3	(Collections from IM Adjustment)	<i>see Separate Schedule</i>	(3,423,398.84)	(2,648,680.97)
4	Ending Balance Before Interest	<i>sum Lines 1 thru 3</i>	3,397,852.15	4,535,209.51
5	Average Balance	<i>(Line 1 + Line 4) / 2</i>	3,125,057.72	3,971,088.73
6	Accrued Interest	<i>Line 5 * Line 9</i>	9,115.79	11,583.67
7	Ending Balance After Interest	<i>Line 4 + Line 6</i>	\$ 3,406,967.94	\$ 4,546,793.18
8	Applicable Annual Interest Rate	<i>same as for ACA</i>	0.035000	0.035000
9	Monthly Interest Rate	<i>Line 8 / 12</i>	0.002917	0.002917
10	Actual GL #25351 EOM Balance	<i>per GL</i>	\$ 3,108,704.45	\$ 3,963,829.57
11	Variance	<i>Line 7 - Line 10</i>	\$ 298,263.49	\$ 582,963.61 2/

Journal Entry: To Record Revenue

01 01 25351 3 17 6250 489	3,968,987.70	3,776,922.54 2/
01 01 48010 3 17 6220 489	(2,367,263.02)	(2,252,707.68) 2/
01 01 48110 3 17 6220 489	(1,238,324.16)	(1,178,399.83) 2/
01 01 48120 3 17 6220 489	(53,541.65)	(50,950.69) 2/
01 01 48300 3 17 6220 489	(1,111.32)	(1,057.54) 2/
01 01 48900 3 17 6220 489	(308,747.55)	(293,806.80) 2/

Journal Entry: To Record Interest

01 01 25351 3 17 6250 626	9,115.79	11,583.67 2/
01 01 43101 3 17 6220 626	(9,115.79)	(11,583.67) 2/

1/ Pursuant to the TPUC's April 10, 2017 ruling in Docket No. 16-00140, this schedule reflects the approved monthly amortization of the annual Integrity Management Revenue Requirement from Piedmont's 2016 Annual Integrity Management Rider Report, which was filed by the Company on November 30, 2016.

2/ On April 10, 2017, pursuant to the TPUC's ruling, Piedmont recorded the approved IM Revenue Requirement to its GL for January 2017 and February 2017. It was recorded as a true-up adjustment to the GL in March 2017.

General Ledger Support

Integrity Management Deferred Account Adjustment Recorded for the Month

Calculation of the IM Adjustment Collections:

		February - 2017			
<u>Line No.</u>		IM Adjustment (\$ per therm)	x	Usage (therms)	= Collections (\$)
1	Residential (301)	0.10144		16,260,452	1,649,460.25
2	Small Commerical (302)	0.08861		6,773,308	600,182.82
3	Medium Commerical (352)	0.08861		2,463,009	218,247.23
4	Experimental Motor Vehicle Fuel (343/352)	0.08861		2,548	225.78
5	Firm Lg General Sales (303)	0.03936		597,453	23,515.75
6	Experimental Motor Vehicle Fuel (343/303)	0.03936		104,479	4,112.29
7	Firm Lg General Transportation (313)	0.03936		1,798,272	70,779.99
8	Experimental Motor Vehicle Fuel (343/313)	0.03936		10,353	407.49
9	Firm Resale (310)	0.03936		-	-
10	Interruptible Lg General Sales (304)	0.00984		13,565	133.48
11	Interruptible Lg General Transportation (314)	0.00984		8,294,298	81,615.89
12	Total				\$ 2,648,680.97

Journal Entry: To Record Collections

01 01 48010 3 17 6220 489	1,649,460.25
01 01 48110 3 17 6220 489	600,182.82
01 01 48110 3 17 6220 489	218,473.01
01 01 48120 3 17 6220 489	27,628.04
01 01 48900 3 17 6220 489	71,187.48
01 01 48300 3 17 6220 489	-
01 01 48110 3 17 6220 489	133.48
01 01 48900 3 17 6220 489	81,615.89
01 01 25351 3 17 6250 489	(2,648,680.97)

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on April 17, 2017, 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
Email: emily.knight@ag.tn.gov

A handwritten signature in black ink, appearing to read "P. J. Harniss", is written over a horizontal line.