

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

VIA E-MAIL AND US MAIL

September 24, 2013

R. Dale Grimes
Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, TN 37201

RE: Docket No. 13-00118 – *Petition of Piedmont Natural Gas Company, Inc. for Approval of an Integrity Management Rider to Its Approved Rate Schedules and Service Regulations.*

Dear Mr. Grimes:

To assist the Authority in its evaluation of the Petition filed on August 30, 2013, please provide your responses to the following:

1. When did Piedmont begin the regimens prescribed by these regulations and how long will it take to complete these requirements?
2. Provide the account # and name of the deferred account to which the related capital costs are booked.
3. Provide an itemized list of the costs incurred to date that comprise the approximately \$78 million in new capital invested in Tennessee. Include the date, location, and project description for each itemized cost.
4. Provide updated Exhibits mirroring Exhibits RM-1 and RM-2 which were attached to the Testimony of Rodney Myers in the rate case Docket No. 11-00144, supporting the \$78 million in new capital.
5. Provide a copy of the general ledger, showing the individual transactions recorded in the deferred account.
6. Is Piedmont utilizing outside consultants or outside contractors to facilitate compliance with federal and state pipeline safety requirements? If so, provide a copy of the related contract(s).
7. Provide a copy of the Company's computation of the Integrity Management Revenue Requirement and Integrity Management Adjustment which Piedmont

proposes to implement effective October 1, 2013 or upon approval by the Authority.

8. Please clarify the fourteen (14) day notice provision for filing revised tariffs as stated in the proposed tariff under Section 8 "Filing with Authority." Is this meant to override TRA Rule 1220-4-1-.04 that requires at least thirty (30) days notice before the effective date of tariff changes? Explain.
9. What is the total dollar amount Piedmont is expecting to expend on complying with Subpart O of Part 192 of the US DOT? Is any portion of this amount attributable to interstate transmission?
10. What is the total dollar amount Piedmont is expecting to expend on complying with Subpart P of Part 192 of the US DOT? Is any portion of this amount attributable to interstate distribution?
11. In the Company's rate case Docket No. 11-00144, Mr. Carpenter stated in his Testimony (page 11):

"During the attrition period the Company projects spending approximately \$33 million in pipeline system integrity and safety program capital expenditures required by Subpart O, Part 192 of the United States Department of Transportation Pipeline Integrity Management Regulations." and

"The cost impact of these budgeted attrition period capital expenditures are included in Piedmont's proposed revenue requirement in this case."

 - a) Is the above referenced \$33 million for TIMP compliance included in the approximately \$78 million in new capital invested in Tennessee since the effective date (March 1, 2012) of rates established in Docket No. 11-00144?
 - b) Explain the Company's assertion that the costs of new capital investments are not being recovered in Piedmont's current rates.
12. Is the \$78 million in capital costs incurred to date comprised entirely of direct costs to Tennessee or does it also include allocated costs? For any allocated costs, provide the amounts and the methodology used to allocate between the states.
13. Has Piedmont proposed similar recovery mechanisms in North Carolina and/or South Carolina? If so, provide the Docket number(s) and copies of the filed mechanisms.
14. Please provide a copy of the assessment plan referred to in the testimony of Rodney Myers, page 8, line 22, in Docket No. 11-00144. Also, provide a copy

of any assessment plan utilized in filing the current petition including any in-line assessment plan referred on page 4 of the petition.

In order for the Authority to evaluate the Petition in a timely manner, it is necessary to receive this information as soon as possible. It is therefore requested that all responses be provided no later than 2:00 p.m. Wednesday, October 2, 2013. In accordance with TRA rules submit either (1) original and thirteen written copies of your response or (2) original and four written copies and an electronic version. Should you have any questions or need clarification regarding any requested item, please contact me at (615) 741-2904, ext. 188. Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'D Foster', is written over the word 'Sincerely,'.

David Foster, Chief
Utilities Division

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