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May 14, 2018

Via Email

David Foster  
Chief, Utility Division  
Tennessee Public Utility 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 March 31, 2018.

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 March 31, 2018.

Should you have any questions concerning this matter, please do not hesitate to contact me at 704-731-4356 or [laura.hager@duke-energy.com](mailto:laura.hager@duke-energy.com).

Sincerely,

A handwritten signature in black ink that reads "Laura M. Hager".

Laura Hager  
Regulatory Analyst

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

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

		Current Vintage Year: Vintage Year 6			All Vintage Years
Line No.		March 2018 Capital Expenditure <sup>1</sup>	Prior Cumulative Capital Expenditure <sup>2</sup>	Cumulative Capital Expenditure as of March 2018 <sup>3</sup>	Cumulative Capital Expenditure as of March 2018 <sup>6</sup>
<i>TN Direct</i>					
1	Corrosion Control	\$ 39,825.04	\$ 23,892.81	\$ 63,717.85	\$ 5,837,367.66
2	Casing Remediation	\$ -	\$ 36,484.24	\$ 36,484.24	\$ 848,689.17
3	Distribution Integrity	\$ 398,208.45	\$ 6,985,026.43	\$ 7,383,234.88	\$ 61,451,702.67
4	Transmission Integrity	\$ (223,569.36)	\$ 2,917,577.83	\$ 2,694,008.47	\$ 182,864,018.47
5	Total	\$ 214,464.13	\$ 9,962,981.31	\$ 10,177,445.44	\$ 251,001,777.97
<i>Joint Property: CO3-State</i>					
6	OASIS Project (Work & Asset Management System)	\$ 18,284.48	\$ 2,531,608.77	\$ 2,549,893.25	\$ 133,880,296.70
7	TN % of CO-3 for Current Month <sup>4</sup>	16.33%			
8	Total Allocated to TN	\$ 2,985.86	\$ 412,994.56	\$ 415,980.42	\$ 23,535,473.84
9	Total Capital Expenditures [Line 5 + Line 8]	\$ 217,449.99	\$ 10,375,975.87	\$ 10,593,425.86	\$ 274,537,251.81
10	Less: Amount Included in the Attrition Period <sup>5</sup>	\$ -	\$ -	\$ -	\$ 32,900,000.00
11	<b>Total Integrity Management Investment</b>	<b>\$ 217,449.99</b>	<b>\$ 10,375,975.87</b>	<b>\$ 10,593,425.86</b>	<b>\$ 241,637,251.81</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, 3, 4 and 5, which captures amounts through 10/31/17, is \$231,043,825.95 (\$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 and \$38,244,253.18 for Vintage 5).

**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 2018
1	DIMP-Distribution Integrity	FP1733763	17	Harding Place	\$ 164,948.58
2	DIMP-Distribution Integrity	FP1733764	17	Sunnyside Drive	1,206.71
3	DIMP-Distribution Integrity	FP1733931	17	Shelby Park RR Bridge Project	12,062.26
4	DIMP-Distribution Integrity	FP1734408	17	3rd and Hart Station Valves	(576.59)
5	DIMP-Distribution Integrity	FP1734416	17	Sadler Ave and Fox Ave	1,900.26
6	DIMP-Distribution Integrity	FP1734421	17	4th Ave South Insertion	534.72
7	DIMP-Distribution Integrity	FP1734422	17	Lynwood Blvd / Tyne Blvd _ DIM	38,070.51
8	DIMP-Distribution Integrity	FP1734432	17	Visco Dt	1,573.18
9	DIMP-Distribution Integrity	FP1734726	17	Cowan St HP Distribution Pipeline	31,667.99
10	DIMP-Distribution Integrity	FP1734770	17	Ash Street and 2nd Ave S DIMP	146.62
11	DIMP-Distribution Integrity	FP1734799	17	Nashville Bridge Attachments	(499.18)
12	DIMP-Distribution Integrity	FP1734812	17	Haverford Ave.	1,275.79
13	DIMP-Distribution Integrity	FP1734818	17	Bryan St #1852	127,716.83
14	DIMP-Distribution Integrity	FP1734819	17	Shelby Railroad Tressell Retir	70.89
15	DIMP-Distribution Integrity	FP1734823	17	240 Blackman Rd DIMP	1,022.67
16	DIMP-Distribution Integrity	FP1734824	17	Childrens Way	17,087.21
17	CORR-Corrosion Control	FP1734721	17	Nashville Trans Remediation	2,299.13
18	CORR-Corrosion Control	FP1734720	17	Nashville HP Dist Remediation	2,299.13
19	CORR-Corrosion Control	F0214409	17	Nashville Rectifier (REM MON)	33,515.60
20	CORR-Corrosion Control	F0214742	17	Dickerson Rd @ Shevel St	411.18
21	CORR-Corrosion Control	FP1734388	17	Nashville Mag Anode 2017	1,300.00
22	TIMP-Transmission Integrity	FP1734119	17	Line 307 Replacement	(499,949.86)
23	TIMP-Transmission Integrity	FP1734120	17	Line 431 Replacement	276,380.50
24	ISENP-Information Serv Enterprise	FP0026658	17	Work & Asset Management (OASIS)	18,284.48

**Total (unallocated)**

**\$ 232,748.61**

25 subtotal: TN Direct (unallocated)

\$ 214,464.13

26 subtotal: CO-3 (unallocated)

\$ 18,284.48

**\$ 232,748.61**

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

Schedule 3

**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-18</u>
1	Beginning Balance	<i>Prior Month's IMR Report</i>	\$ 2,672,815.48
2	IMR Revenue Recognition	<i>Prior Annual IMR Report</i>	2,851,853.96
3	(Collections from IM Adjustment)	<i>see Separate Schedule</i>	(2,856,175.22)
4	Ending Balance Before Interest	<i>sum Lines 1 thru 3</i>	2,668,494.22
5	Average Balance	<i>(Line 1 + Line 4) / 2</i>	2,670,654.85
6	Accrued Interest	<i>Line 5 * Line 9</i>	9,459.46
7	Ending Balance After Interest	<i>Line 4 + Line 6</i>	\$ 2,677,953.68
8	Applicable Annual Interest Rate	<i>same as for ACA</i>	0.042500
9	Monthly Interest Rate	<i>Line 8 / 12</i>	0.003542
10	Actual GL #0253139 EOM Balance	<i>per GL</i>	\$ 2,677,953.68
11	Variance	<i>Line 7 - Line 10</i>	\$ -

Journal Entry: To Record Revenue

47136 0253139 GA489 PTOPTOP	2,851,853.96
47136 0480000 GA489 PTOPTOP 0526 RESVAL	(1,700,959.78)
47136 0481200 GA489 PTOPTOP 0526 COMSTD	(889,778.43)
47136 0481000 GA489 PTOPTOP 0526 INDSLS	(38,471.51)
47136 0483011 GA489 PTOPTOP 0526 GASRSL	(798.52)
47136 0489000 GA489 PTOPTOP 0526 BOTHRV	(221,845.72)

Journal Entry: To Record Interest

47136 0253139 GA626 PTOPTOP	9,459.46
47136 0431150 GA626 PTOPTOP 0526	(9,459.46)

**General Ledger Support**

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

Calculation of the IM Adjustment Collections:

		March 2018		
Line No.		IM Adjustment (\$ per therm)	x Usage (therms)	= Collections (\$)
1	Residential (301)	0.13124	13,053,596	1,713,153.94
2	Small General Sales (302)	0.11465	5,976,208	685,172.25
3	Medium General Sales (352)	0.11465	1,647,324	188,865.70
4	Experimental Motor Vehicle Fuel (343/352)	0.11465	501	57.44
5	Firm Lg General Sales (303)	0.05092	758,566	38,626.18
6	Experimental Motor Vehicle Fuel (343/303)	0.05092	31,342	1,595.93
7	Firm Lg General Transportation (313)	0.05092	2,122,432	108,074.24
8	Experimental Motor Vehicle Fuel (343/313)	0.05092	124,796	6,354.61
9	Firm Resale (310)	0.05092	1,707	86.92
10	Interruptible Lg General Sales (304)	0.01273	19,005	241.93
11	Interruptible Lg General Transportation (314)	0.01273	8,950,988	113,946.08
12	<b>Total</b>			<b>\$ 2,856,175.22</b>

**Journal Entry: To Record Collections**

47136 0480000 GA489 PTOP 0526 RESVAL	1,713,153.94
47136 0481200 GA489 PTOP 0526 COMSTD	685,172.25
47136 0481200 GA489 PTOP 0526 COMSTD	188,923.14
47136 0481000 GA489 PTOP 0526 INDSLS	40,222.11
47136 0489000 GA489 PTOP 0526 BOTHRV	114,428.85
47136 0483011 GA489 PTOP 0526 GASRSL	86.92
47136 0481000 GA489 PTOP 0526 INDSLS	241.93
47136 0489000 GA489 PTOP 0526 BOTHRV	113,946.08
47136 0253139 GA489 PTOP	(2,856,175.22)