

IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE

IN RE:)
)
PETITION OF PIEDMONT NATURAL GAS)
COMPANY, INC. FOR APPROVAL OF AN) DOCKET NO. 13-00118
INTEGRITY MANAGEMENT RIDER TO ITS)
APPROVED RATE SCHEDULES AND)
SERVICE REGULATIONS)

RESPONSES OF THE CONSUMER ADVOCATE
TO THE TRA STAFF'S DATA REQUEST

Robert E. Cooper, Jr., the Tennessee Attorney General and Reporter, through the Consumer Advocate and Protection Division ("Consumer Advocate"), files this data response to the TRA's Data Request issued on December 10, 2013 in Docket No. 13-00118.

Data Request: The Stipulation filed November 27, 2013, Item No. 4, Page 4; states: "*Source of Factors Used in Calculations.* The Company agrees to use the methodologies approved in the most recent rate case for accumulated depreciation, depreciation expense, property taxes, per-tax return and uncollectibles gross-up factor. The company agrees to use the average of the actual accumulated deferred income taxes at the beginning and end of the year." Please provide the approved methodologies that will be utilized.

Response: Piedmont Natural Gas Company, Inc. ("Piedmont") conferred with the Consumer Advocate prior to submitting its data response. The Consumer Advocate accepts Piedmont's data response as its own with a few comments.

For the depreciation expense, the Consumer Advocate believes one interpretation of the current tariff, as attached to the Stipulation, is that a singular rate could be used. Another interpretation is that the actual depreciation rate that correlates with the capital expenditure could be used. The Consumer Advocate cannot provide any assurances or opinions as to whether the differences in using actual deprecation rates or a singular rate will be immaterial this year or in

future years. Nor can the Consumer Advocate provide insight into the additional administrative burden incurred to use the actual depreciation expense as opposed to a singular rate. It is the Consumer Advocate's understanding that the assets and accumulated depreciation used for determination of base rates in future rate cases would be included at book value, which will be calculated using the actual depreciation expenses applicable to the underlying asset.

For the average used by Piedmont to calculate the ADIT, the Consumer Advocate cannot comment as to the amount of additional administrative burden to perform a 13-month average of ADIT. In arriving at the terms in the revised tariff, the Consumer Advocate acknowledges that, although a 13-month average of ADIT would be consistent with the methodology adopted in the most recent rate case, either method (*i.e.*, average of beginning and ending ADIT or a 13-month average) is a reasonable method of calculation and takes no position as to which calculation is best for the IMR tariff.

**CONSUMER ADVOCATE AND PROTECTION
DIVISION**



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CERTIFICATE OF SERVICE


I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 12th day of December, 2013.



Charlena S. Aumiller