

filed electronically in docket office on 10/23/14

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October 23, 2014

**Via Hand-Delivery**

The Honorable Earl Taylor  
Executive Director  
Tennessee Regulatory Authority  
c/o Sharla Dillon  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

**Re: *Petition of Piedmont Natural Gas, Inc. for Approval of a CNG Infrastructure Rider to Its Approved Rate Schedules and Service Regulations***  
**Docket No. 14-00086**

Dear Mr. Taylor:

I enclose and original and five (5) copies of Piedmont Natural Gas Company, Inc.'s Responses to the Consumer Advocate and Protection Division's First Set of Data Requests, as well as four non-confidential disks.

This material is also being filed by way of email to the Tennessee Regulatory Authority Docket Manager, Sharla Dillon. Filed along with this material are four copies of the Confidential material responsive to the Data Requests, submitted under seal, containing Confidential Responses 40 and 48, as well as four confidential disks in a separate envelope.

Please file the original and four copies of the non-confidential version of this filing and stamp the additional copy as "filed". Then please return the stamped copy to me by way of our courier.

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

Enclosures

cc: Melvin Malone, Esq.  
Wayne Irvin, Esq.  
Sharla Dillon (via email)

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**CNG IR**  
**TRA DOCKET NO. 14-00086**  
**CONSUMER ADVOCATE AND PROTECTIVE DIVISION**  
**DISCOVERY REQUEST**  
**Date Issued: October 14, 2014**

1. Refer to Paragraph 5 of the Company's Petition, which states in part:

"Piedmont proposes to implement a new CNG Infrastructure Rider ("IR") mechanism in its tariff in order to allow it to recover, on an intra-rate case basis, the costs associated with levels of capital expenditures incurred as the result of expansion of existing CNG infrastructure and the construction of new CNG filling stations to increase accessibility and improve safety in response to the growing demand for natural gas as an alternative motor vehicle transportation fuel in Tennessee." (emphasis added.)

a. With regard to the Company's statement concerning recovery of CNG infrastructure costs on an intra-rate case basis, has the TRA ever allowed recovery of CNG IR capital expenditures within the context of a rate case? If so, please provide all such instances, including a reference to the docket number and an explanation of each such instance.

b. Does the Company consider the provision of CNG to all customers (whether characterized as wholesale, retail, or other customers or end users, and collectively defined herein as "customers") who will directly benefit from expansion of existing CNG infrastructure or who will purchase CNG at the filling stations described in Petition Paragraph 5, to be a TRA rate regulated service?

c. If the Company considers the provision of CNG to all customers to be a TRA rate regulated service, please provide the statutory and regulatory basis for that conclusion. If the response would be different for different types or classes of customers (for example, wholesale versus retail) please explain and provide the statutory and regulatory basis for that conclusion.

d. If the Company does not consider the provision of CNG to all customers to be a TRA rate regulated service, please provide the physical point in the Company's gas distribution system at which the provision of CNG ceases to be a TRA rate regulated service.

e. If the Company does not consider the provision of CNG to all customers to be a TRA rate regulated service, please describe the equipment, including without limitation, metering equipment, at the physical point in the Company's gas distribution system at which the provision of CNG to end users ceases to be a TRA rate regulated service.

f. Please describe each type or class of customer who will directly benefit from expansion of existing CNG infrastructure or who will purchase CNG at the



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filling stations, or other such terminal point of distribution, described in Petition Paragraph 5.

g. Will the customers, who will directly benefit from expansion of existing CNG infrastructure or who will purchase CNG at the filling stations described in Petition Paragraph 5 be individual members of the public, individuals or entities purchasing the CNG for resale to other individuals or entities, or individuals or entities affiliated with the Company? If there is more than one type of customer or end-user, please state each type and explain each such customer or end-user's expected participation.

h. Describe the mechanism by which ratepayers (who pay the CNG IR) who are not users of CNG will benefit from or recoup payments made to the Company through the CNG IR. Explain any revenue or profit-sharing participation between the Company's shareholders and ratepayers, for example a reduction in rates, that the Company anticipates or expects to occur as a result of the investment in infrastructure through the CNG IR.

i. Describe the controls and systems that the Company has put in place and expects to put in place to prevent cross-subsidization between regulated and non-regulated services provided by the Company, including without limitation, with respect to the \$4.7 million invested by the Company from March 2012 to June 2014, and the \$4.6 million that the Company expects to invest in the construction of the new CNG facilities described in Petition Paragraph 10 on page 6.

j. With reference to the activities and businesses described in Petition Paragraphs 8 (on page 5) through 10 (including the Paragraph 10 on page 5 and the Paragraph 10 on page 6), are ratepayers subsidizing any non-regulated business in the conduct or potential conduct of those business(es)?

**Response:**

a. Yes. The proposed CNG IR is designed to recover the return on the capital investment for Piedmont's CNG assets (i.e. return on gross plant, net of accumulated depreciation and accumulated deferred income taxes) that is not included in current base rates. Additionally, the proposed CNG IR is designed to recover depreciation expense and property tax expense associated with its CNG assets not included in current base rates. At the time of Piedmont's last rate case and underlying the base rates approved in that rate case under TRA Docket No. 11-00144, there was approximately \$328,000 of Utility Plant in Service

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associated with Piedmont's CNG facilities at its Resource Center on Century Boulevard (prior to the expansion and improvements at these facilities, as referenced in Piedmont's petition in this docket) as well as approximately \$27,000 of associated accumulated depreciation. The property tax expense and depreciation expense associated with those assets were also included in the Cost of Service in that rate case.

b. Piedmont currently provides CNG service to its customers on a regulated basis pursuant to its TRA approved Rate Schedule 342 and has done so since that rate schedule was approved in TRA Docket No. 11-00144. Piedmont's proposals in this docket and related TRA docket 14-00087 do not seek any change in the jurisdictional status of that service.

c. Please see response to question 1.b.

d. Not applicable.

e. Not applicable.

f. Customers that will directly benefit from the expansion of CNG infrastructure or who may purchase CNG from expanded CNG facilities served by Piedmont include all current CNG customers of Piedmont as well as all prospective users of CNG as a motor vehicle fuel. Currently, these customers are predominantly (but not exclusively) commercial fleet operators who have converted or are converting large numbers of fleet type vehicles to CNG use in order to reap the significant economic benefits of such conversion. In addition to fleet operators of commercial vehicles, there are a small but growing number of privately owned personal vehicles that are fueled by CNG and the increase in fueling infrastructure that will result from the adoption of an IR mechanism will support growth in that market. To the extent Piedmont teams with local convenience store or gas stations to provide CNG service, those parties will directly benefit from the addition of a new motor fuel to their inventory and the addition of customers they would not otherwise serve, although they may or may not qualify as customers of Piedmont in that role.

g. Please see response to question 1.f.

h. Any time Piedmont is able to add customers or customer usage of natural gas it has the effect of spreading the Company's revenue requirement (established by the TRA in periodic rate cases) across a broader base of customers/dekatherms. This reduces the individual customer burden of paying



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Piedmont's fixed operating costs and authorized return, thereby reducing the cost of natural gas to those customers. If Piedmont is successful in expanding its CNG sales/transportation operations through the IR mechanism, then all of Piedmont's Tennessee customers will benefit from the increased throughput associated with such increase. Further, because of the multi-year useful life of natural gas vehicles and the essential nature of service provided by those vehicles, this benefit will be received by Piedmont's other customers over an extended period.

i. Piedmont's IR mechanism creates no chance of cross-subsidization between regulated and unregulated business of the Company. Piedmont's provision of CNG sales and/or transportation service to the public is (and has been for a number of years) offered exclusively on a regulated basis in all three states in which Piedmont provides natural gas service as a public utility.

j. No

Response provided by Piedmont Natural Gas on October 23, 2014.

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2. Refer to Paragraph 8 on page 5 of the Company's Petition, which states in part that "Piedmont has invested \$4.7 million from March 2012 to June 2014 in order to provide higher quality service to CNG customers in a timely manner." With respect to the Company's investment from March 2012 to June 2014 in CNG infrastructure:

- a. Identify those accounts (and subaccounts) in the Company's ledger where CNG investment, revenue and expenses are recorded including depreciation and deferred taxes.
- b. Provide a copy of the Company's ledger detailing the monthly activity and balances of CNG investment, revenue and expenses (including related depreciation and deferred taxes) beginning with the Company's initial investment.
- c. With regard to the \$4.7 million that the Company has invested, is the Company seeking recovery of that investment, in whole or in part, through the CNG IR in this docket? If so, please explain.
- d. Does the Company intend to seek recovery through rates of the \$4.7 million that the Company has invested in its next general rate case or any other rate case? If so, please explain.

**Response:**

- a. Piedmont's CNG infrastructure is wholly included on the Company's Utility Balance Sheet. Piedmont's capital investment in CNG facilities is included in its General Ledger – GL account 10100 (Utility Plant in Service), GL account 10600 (Completed Construction Not Classified), GL account 10700 (Construction Work in Progress), and GL account 10800 (Accumulated Depreciation).

Piedmont has sold CNG for motor fuel purposes under Rate Schedule 342 of its TRA-approved tariff since March 2012. Since that time, Piedmont has recorded its revenues associated with sales service under this rate schedule to GL account 48105 (Revenue – Sales of Gas – CNG) and to GL account 48150 (Revenues – Sales of Gas (CNG billed through S2k)). The revenues associated with the Rate Schedule 342 sales service provided at Piedmont's two existing public stations are booked to GL account 48105, whereas the Rate Schedule 342 sales service provided at customer-sited CNG facilities are billed through the Company's customer information system (i.e. through monthly utility bills rendered to the customer) with revenues recorded to GL 48150.



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All cost of gas, including that which supplies service to Piedmont's customers under Rate Schedule 342, is recorded to GL account 80400. Depreciation expense associated with all of Piedmont's assets, including Piedmont's two existing CNG stations, is recorded to GL account 40300. Tax expenses (income tax, property tax, general taxes) are recorded to GL accounts 408XX and 409XX. Operations and maintenance expenses associated with CNG activities (e.g. labor expense, general administrative expense) are recorded to GL accounts 89001 and 91625.

b. See attachment.

c. Yes. Piedmont is seeking recovery of that \$4.7 million investment, plus associated depreciation expense and property tax expense, through the proposed CNG IR. See the attachment, which is an excel version of Piedmont's Conditional CNG Infrastructure Rider annual filing, as filed with the TRA on September 30, 2014. This filing showed that the return on Piedmont's \$4.7 million capital investment for its CNG assets as of June 30th 2014 (i.e. return on gross plant, net of accumulated depreciation and accumulated deferred income taxes) that is not included in current base rates approved in Piedmont's last general rate case, plus the depreciation expense and property tax expense associated with its CNG assets not included in current base rates, yields a revenue requirement of \$557,502.

d. Yes. Piedmont's CNG infrastructure is wholly included on the Company's Utility Balance Sheet. Piedmont's capital investment in CNG facilities is included in its General Ledger -- GL account 10100 (Utility Plant in Service), GL account 10600 (Completed Construction Not Classified), GL account 10700 (Construction Work in Progress), and GL account 10800 (Accumulated Depreciation). As such, CNG investment would be included in any Piedmont general rate case proceeding.

Response provided by Piedmont Natural Gas on October 23, 2014.

The following files have been produced in native format:

CAPD DR – Response 2b-1 Attachment.xlsx

CAPD DR – Response 2b-2 CONFIDENTIAL Attachment.pdf

CAPD DR – Response 2b-3 CONFIDENTIAL Attachment.pdf

CAPD DR – Response 2b-4 CONFIDENTIAL Attachment.pdf

CAPD DR – Response 2b-5 CONFIDENTIAL Attachment.pdf

CAPD DR – Response 2c Attachment.xlsx



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3. Refer to Paragraph 10 on page 6 of the Company's Petition, which states in part that "Piedmont anticipates that construction of these new CNG facilities will cost upwards of \$4.6 million." With respect to the construction of these new CNG facilities:

- a. Provide a copy of the Company's CNG IR budget (separated by subaccount) for investment, revenues and expenses on a monthly basis from July 2014 through June 2016.
- b. Will the Company account for these new CNG facilities separately from the \$4.7 million that the Company has invested from March 2012 to June 2014?

**Response:**

- a. See attachment for Piedmont's forecast of CNG capital investment for Tennessee.
- b. No. Piedmont's proposal in Docket No. 14-00086 would not change the accounting treatment of the capital investment on Piedmont's books. These capital investments will continue to be recorded to the Company's General Ledger in GL account 10100 (Utility Plant in Service), GL account 10600 (Completed Construction Not Classified), and GL account 10700 (Construction Work in Progress), as appropriate.

Response provided by Piedmont Natural Gas on October 23, 2014.

The following files have been produced in native format:

CAPD DR – Response 3a CONFIDENTIAL Attachment.xlsx



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4. Refer to Paragraph 12 of the Company's Petition, which states in part that "The costs sought to be recovered by the IR mechanism proposed herein represents the costs of **new capital investments and certain expenses**" (emphasis added). Please reconcile this statement with Paragraph 5 which states that the Company only wishes to recover the costs associated with capital infrastructure. Describe and explain what the Company means by "certain expenses."

**Response:** See response to Item 2c of this data request. Through the proposed CNG IR, Piedmont is seeking recovery of the return on CNG capital investments not currently included in the Company's base rates, plus the associated depreciation expense and property tax expense of those investments. Therefore, the term "certain expenses" is referring to depreciation expense and property tax expense.

Response provided by Piedmont Natural Gas on October 23, 2014.

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5. Refer to Paragraph 1 of the Company's proposed Service Schedule No. 318. In this Paragraph, the Company indicates that the CNG Infrastructure Rider surcharge will be applied to rate schedules 301, 302, 303, 304, 310, 313, 314, and 352. Explain why the Company does not intend to apply the CNG IR surcharge to special contract customers.

**Response:** Whereas the CNG Infrastructure Adjustments under the CNG IR will occur annually each November, the term of Special Contracts do not occur with such frequency. For existing Special Contracts, Piedmont does not currently have an opportunity to adjust rates for the CNG Infrastructure Adjustments.

Response provided by Piedmont Natural Gas on October 23, 2014.



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6. Refer to Paragraph 3 of the Company's proposed Service Schedule No. 318. Provide a pro forma computation of the CNG Infrastructure revenue requirement and associated surcharge (by customer class) for the 12 months ended June 30, 2014. In addition, provide the forecasted CNG Infrastructure revenue requirement and associated surcharge (by customer class) for the 12 months ending June 30, 2015 and June 30, 2016.

**Response:** See the excel attachment provided in response to Item 2c of this data request for a pro forma computation of the CNG Infrastructure revenue requirement and associated surcharge (by customer class) for the 12 months ended June 30, 2014. See the excel attachment herein for the forecasted CNG Infrastructure revenue requirement and associated surcharge (by customer class) for the 12 months ending June 30, 2015 and June 30, 2016.

Response provided by Piedmont Natural Gas on October 23, 2014.

The following files have been produced in native format:

CAPD DR – Response 6 Attachment.xlsx



**PIEDMONT NATURAL GAS COMPANY, INC.**  
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7. How does the Company propose to present the CNG IR surcharge on the customer's bill? Will this surcharge be a separate line item?

**Response:** On customer's monthly utility bills, the current month's utility charges exclusive of any taxes or fees are represented on one line item described as "Gas – Current Monthly Charges". The CNG IR will be one component of the total billing rate that underlies the charges represented on that line item for current monthly utility charges. Therefore, the CNG IR will not be represented as a separate line on the bill.

Response provided by Piedmont Natural Gas on October 23, 2014.

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8. With reference to Paragraph 10 on page 6 of the Company's Petition and the Testimony of Ken Valentine (as filed on October 7, 2014), page 6, line 16 through page 7, line 9, provide any document constituting a study or analysis performed by or on behalf of or for the Company with respect to the Company's exploration of the "potential to construct, own, and operate additional CNG filling stations" in the greater Nashville area. If no study or analysis has been performed, please explain the basis (including without limitation, any research) for the statements made.

**Response:** Please see the attached study, a high level report from 2012 of public information on some large convenience store chains with sites in Piedmont's general service territory. Because CNG volumes continue to generally increase both on Piedmont's system and nationwide, and because major trucking transportation corridors run through and operate out of Nashville, it is Piedmont's opinion that demand for CNG will continue to increase in the Nashville market, and so we see potential for additional CNG stations to serve this market growth.

Response provided by Piedmont Natural Gas on October 23, 2014.



The following file has been produced in native format:

CAPD DR – Response 8 Attachment.pptx

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9. Does the Company conduct or expect to conduct any line of business other than CNG services at each facility described in Petition Paragraphs 8 (the Paragraph 8 on page 5) through 10 (the Paragraph 10 on page 5)? For each line of business being conducted or expected to be conducted (including without limitation providing CNG services), describe and explain each line of business and the accounting for each line of business, including without limitation, any steps taken to assure the segregation of each line of business and the related accounting for each line of business.

**Response:** No, the Company neither conducts nor expects to conduct any line of business other than CNG services at any of its CNG station locations. If Piedmont placed a station at a site owned and operated by a convenience store chain, then of course other commercial business would be conducted at that site, but not by Piedmont.

Response provided by Piedmont Natural Gas on October 23, 2014.

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10. With reference to Exhibit PKP-2, attached to the Testimony of Pia K. Powers (as filed on October 7, 2014), state whether or not the Company contemplates capitalizing any expense that is connected with or related to any business or enterprise that is not regulated by the TRA. Please provide an explanation of your response.

**Response:** As was noted above, Piedmont provides all CNG sales/transportation service in Tennessee (and North Carolina and South Carolina) on a regulated basis. As such, all capital investment in CNG facilities by the Company is treated in the same manner as any other investment in jurisdictional facilities.

Response provided by Piedmont Natural Gas on October 23, 2014.



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11. With reference to the Testimony of Ken Valentine (as filed on October 7, 2014), page 2, line 20 through page 3, line 6, is cross-subsidization of non-regulated businesses by regulated businesses permitted under the laws and regulations applicable to Tennessee public utilities? If it is permitted, would cross-subsidization of non-regulated businesses by regulated businesses be in the public interest under Tenn. Code Ann. § 65-5-103(d)?

**Response:** Piedmont's provision of service to the public is (and will be) provided on a purely regulated and jurisdictional basis in a manner consistent with its approved tariffs. As such, Piedmont does not believe that any cross-subsidization of non-regulated business can or will occur.

Response provided by Piedmont Natural Gas on October 23, 2014.

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12. With reference to the Testimony of Ken Valentine (as filed on October 7, 2014), page 7, line 10 through page 7, line 14:

- a. Please explain what the Company means by the phrase "good fit for existing commercial store operators who already have locations designed to provide transportation fuel to the public." In addition, please provide the standards by which the Company would evaluate whether the Company would be a "good fit for existing commercial store operators who already have locations designed to provide transportation fuel to the public."
- b. Provide any document constituting a study or analysis performed by or on behalf of or for the Company concerning a market analysis of or relating to "existing commercial store operators who already have locations designed to provide transportation fuel to the public" in the greater Nashville area.
- c. Describe any protections contemplated by the Company to provide assurance to store owners who might not be a good fit that the Company's provision of CNG to those that were a good fit would be fair and reasonable, in view of the Company's position in the CNG market.
- d. Describe the controls and systems that the Company has or proposes to put in place to ensure ratepayers would not subsidize, through the CNG IR, store owners who were a good fit.
- e. Would the Company provide discounts on CNG services to store owners who were a good fit? If so, would the Company seek TRA approval of those discounts?

**Response:**

- a. Commercial store operators who sell gasoline and diesel to the public have expertise in supplying and operating such stations and equipment. Piped and compressed natural gas are services in which Piedmont has expertise. Piedmont believes that the usage of CNG as a transportation fuel will continue to increase due its attributes of price, abundance, relative cleanliness, domestic sourcing, and if commercial store operators wish to attract more drivers to their stores (given that store owners typically make most of their business profit inside the store as opposed to selling gasoline and diesel), it would seem to be a natural pairing to place a CNG station, built and operated by an experienced company, at locations that are already designed and located to attract vehicular traffic. Moreover, it would save Piedmont the expense of buying land to



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independently site CNG stations and frankly, while fleet drivers operating NGVs tell us that they like reliability and space around our stations (space to turn and access the CNG dispensers is important for the many large heavy-duty vehicles that frequent our stations), they are on tight time schedules and wish our stations had amenities such as food and beverages.

In evaluating commercial store properties, Piedmont would consider such factors as: the size of the lot to accommodate the CNG facilities and provide an adequate turning radius for tractor trailers and refuse trucks; if an existing store site, the traffic count and types of vehicles currently frequenting the fuel pumps; existing traffic speeds and lines of sight that would impact customers being able to enter and exit the site safely; the proximity of the location to fleet bases, truck distribution facilities, and interstates and major highways; the proximity of the site to Piedmont's natural gas mains; the relative location to other existing Piedmont or third party CNG stations; and the probability of attracting anchor loads as soon as possible.

- b. Piedmont is not in possession of any studies responsive to this request.
- c. Piedmont is incentivized to expand the utilization of natural gas as a vehicle fuel. This is true irrespective of whether Piedmont is the entity making the ultimate retail sale of that commodity to consumers. In evaluating the expansion of CNG services/equipment to third parties for the provision of retail service by that party, Piedmont will utilize its normal economic feasibility modeling to determine if the expansion makes economic sense and is feasible. It will also evaluate the factors identified in the preceding response to ensure that locating CNG fueling equipment at a particular customer location makes sense.
- d. Piedmont would negotiate a fair rent to lease space at the store owners' site to compensate the owner for use of part of the property, and save on capital investment by the avoidance of purchasing land. Such rent would be an O&M expense, which is not proposed for recovery through the CNG IR.
- e. Service would be provided under Rate Schedule 343 of Piedmont's tariffs (if that rate schedule is approved), otherwise they will provide service under existing rate schedule 342. Any potential for discounts is independent of the use of the phrase "good fit" in this instance.

Response provided by Piedmont Natural Gas on October 23, 2014.



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13. Will the Company seek TRA approval of any discounts or change in discounts referred to on page 1 of the proposed tariff as set out on Rate Schedule 342 in TRA Docket 14-00087?

**Response:** No. The purpose of the discount provisions in Piedmont's proposed revised Rate Schedule 324 is to meet market based competition for CNG service. It is impractical to attempt to seek or obtain TRA approval of such discounts for customers receiving service at Piedmont owned facilities. In providing this discount, however, Piedmont is mindful of its legal obligations not to engage in undue discrimination.

Response provided by Piedmont Natural Gas on October 23, 2014.

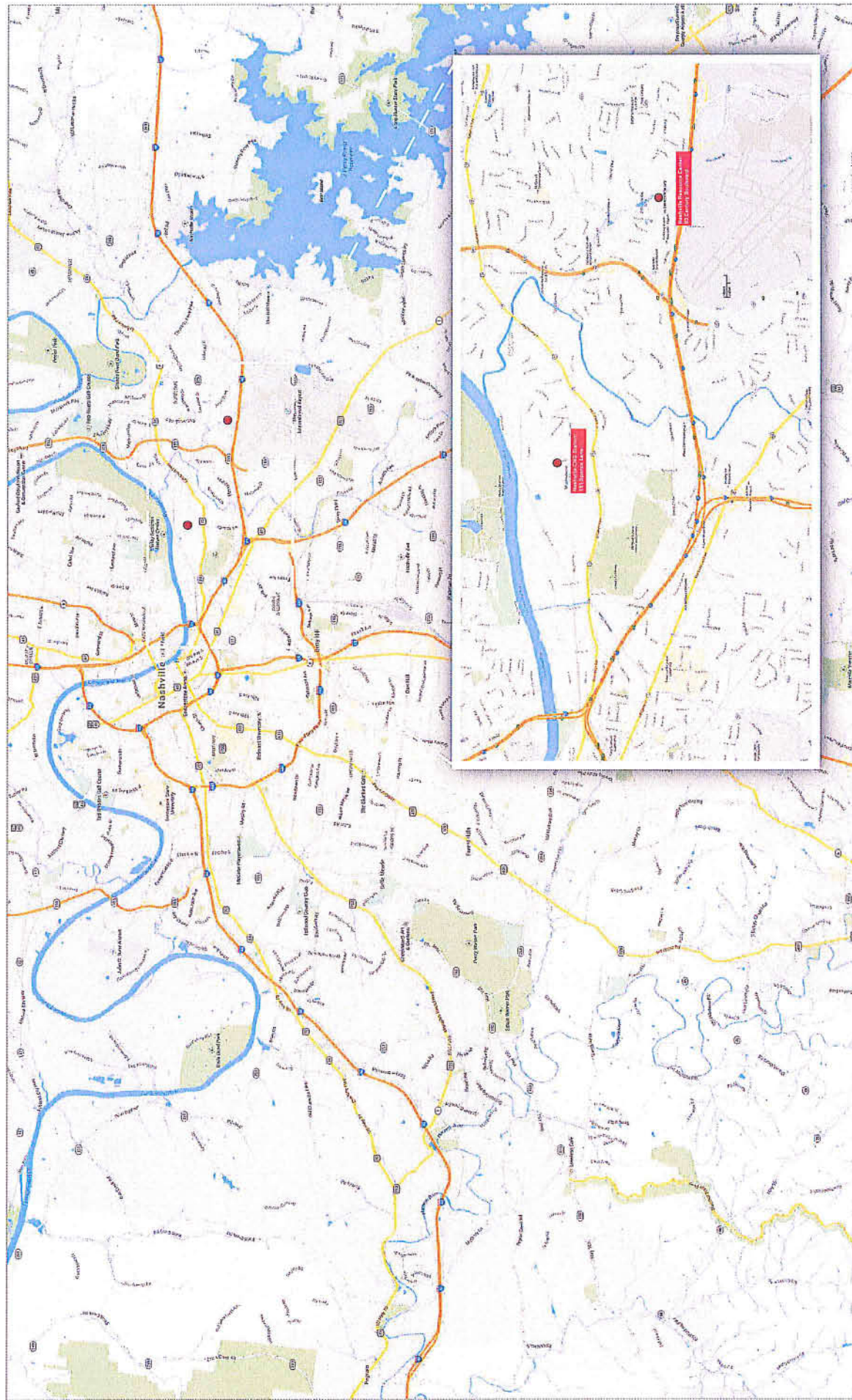
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14. Provide a street map of the greater Nashville area with the physical location identified and marked of: (i) each existing CNG facility (whether or not owned or operated by the Company) and (ii) each such facility planned or contemplated to be added by the Company in accordance with the Petition or testimony in this TRA Docket.

**Response:**

- (i) See attached map.
- (ii) There are no specific locations known at this time.

Response provided by Piedmont Natural Gas on October 23, 2014.



This map is for informational purposes only. It is not intended to be used as a legal document. The map is subject to change without notice. The map is not a warranty, representation, or endorsement of any product or service. The map is not a guarantee of accuracy. The map is not a statement of opinion. The map is not a recommendation. The map is not a solicitation of an offer. The map is not a contract. The map is not a binding agreement. The map is not a legal document. The map is not a warranty, representation, or endorsement of any product or service. The map is not a guarantee of accuracy. The map is not a statement of opinion. The map is not a recommendation. The map is not a solicitation of an offer. The map is not a contract. The map is not a binding agreement. The map is not a legal document.

## PiedmontNashville CNG Stations



**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the attached document was served upon the parties in this action by electronic mail and by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, addressed as follows:

<b>Counsel for Tennessee Fuel &amp; Convenience Store Assoc.</b>  Melvin J. Malone Butler Snow Suite 1600 150 Third Avenue South Nashville, TN 37201	<b>Counsel for the Consumer Advocate and Protection Division of the Office of the Attorney General</b>  Wayne Irvin Assistant Attorney General Office of the Tennessee Attorney General Consumer Advocate and Protection Division P. O. Box 20207 Nashville, TN 37202-0207
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This the 23 day of October, 2014.

W. Irvin

Piedmont has sold CNG for motor fuel purposes under Rate Schedule 342 of its TRA-approved tariff since March 2012. Through June 30, 2014, Piedmont has sold 56,671.8DT of natural gas under Rate Schedule 342. These sales have yielded approximately \$604,500 in total revenues (TRA-regulated revenues). Piedmont's CNG facilities at its Resource Center on Century Boulevard went into service in June 2010. Between that time and February 29, 2012, Piedmont did allow the public to use its CNG facilities for fuel refilling given the lack of alternate CNG fuel refilling options in the Nashville area; sales revenues during this interim period totaled approximately \$42,000.

By separate attachment, Piedmont is providing its TN Allocated Income statements for each month since June 2010, which, as stated above, is when Piedmont's original CNG facilities at its Resource Center on Century Boulevard went into service.

Piedmont's investments in CNG infrastructure are included in its general ledger with its other Utility asset investments. The table below shows the amounts included in Piedmont's general ledger for the capital projects under which CNG investments in TN were made, and a listing of the dates that the various CNG investments went into service.

		Balance @ 6/30/14	Balance @ 6/30/13	Balance @ 6/30/12	Balance @ 2/29/12	
10100	Utility Plant in Service - CNG Facilities in TN	\$ 329,472	\$ 329,472	\$ 327,662	\$ 327,662	
10600	Completed Construction Not Classified - CNG Facilities in TN	\$ 4,697,357	\$ 720,521	\$ 708,213	\$ -	
10700	CWIP - CNG Facilities in TN	\$ 2,684	\$ 1,529,344	\$ 370,220	\$ 7,944	
10800	Accumulated Depreciation - CNG Facilities in TN	\$ 372,018	\$ 120,677	\$ 68,177	\$ 27,305.16	
40300	Depreciation Expense - CNG Facilities in TN	12 ME 6/30/14 \$ 251,341	12 ME 6/30/13 \$ 52,500	12 ME 6/30/12 \$ 51,794	12 ME 6/30/11 \$ 16,383.10	12 ME 6/30/10 \$ -

In Service Date	Gross Plant Amount	GL Account	Utility Plant Account	Applicable Depreciation Rate
Jun-10	\$ 327,661.97	10100	39400	5.00%
Jun-12	\$ 385,471.33	10600	39400	5.00%
Jun-12	\$ 311,391.09	10600	39400	5.00%
Jun-12	\$ 11,350.89	10100	39400	5.00%
Oct-12	\$ 1,809.55	10600	39400	5.00%
Jun-13	\$ 12,308.11	10600	39400	5.00%
Aug-13	\$ 437,439.63	10600	39400	5.00%
Aug-13	\$ 3,498.45	10600	39400	5.00%
Jun-14	\$ 3,535,897.63	10600	39400	5.00%

**Computation of the CNG Infrastructure Adjustment**

Line No.	Rider Rate Period	Reference	Residential (301)	Commercial (302,352)	Large General - Firm (303,313,310)	Large General - Interruptible (304,314)	Total
<b>Nov 1 2014 -Oct 31 2015</b>							
1	Customer Class Apportionment Percent	[Page 2]	59.6439%	31.2006%	4.9463%	4.2091%	100.0000%
2	CNGIRR for Recovery, excluding Refund Adjustment	[= Total from Page 3 x Line 1]	\$ 332,516	\$ 173,944	\$ 27,576	\$ 23,466	\$ <b>557,502</b>
3	Refund Adjustment	n/a	n/a	n/a	n/a	n/a	n/a
4	Total Amount for Recovery in this Rider	[= Line 2 + Line 3]	\$ 332,516	\$ 173,944	\$ 27,576	\$ 23,466	\$ <b>557,502</b>
5	Throughput from Relevant Rate Case Order (Dekatherms)	[Page 2]	11,130,214	6,664,958	2,378,880	8,098,027	28,272,079
6	Rate per Dekatherm	[= Line 4 / Line 5]	\$0.02990	\$0.02610	\$0.01160	\$0.00290	
7	Proposed CNG Infrastructure Adjustment per therm	[= Line 6 / 10 ]	\$0.00299	\$0.00261	\$0.00116	\$0.00029	



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