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January 27, 2017

***Via Hand-Delivery***

Monica Smith-Ashford  
c/o Sharla Dillon  
Tennessee Regulatory Authority  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

***Re: Petition of Piedmont Natural Gas Company for Approval of an Integrity  
Management Rider to its Approved Rate Schedules and Service Regulations  
Docket No. 16-00140***

Consistent with our prior communications, Piedmont and the Consumer Advocate have discussed procedural matters in this docket and have exchanged proposed schedules for the hearing of this matter. Piedmont's proposed schedule, which is attached hereto, provides for a hearing on March 13, 2017 and for utility rebuttal testimony on February 27, 2017, which is consistent with your prior guidance.

In our conversations with the Consumer Advocate, they indicated a concern about their ability to meet the dates in our proposed schedule and also expressed a desire to build settlement time into the schedule. While we understand the Consumer Advocate's concerns, Piedmont favors its proposed schedule for the following reasons:

1. Service Schedule No. 317. Piedmont's approved IMR tariff anticipates rates being made effective each January 1<sup>st</sup> following Piedmont's annual report filing each November. Under Piedmont's proposed schedule, implementation of the 2017 IMR rate changes will already be delayed substantially. Under the Consumer Advocate's preferences, these rate changes will be delayed even further. Delaying implementation of rate changes under Service Schedule No. 317 disrupts the smooth functioning of the IMR mechanism because it throws off the timing between the period costs are incurred and when they begin to be recovered and causes customers to experience variations in monthly charges due to this mistiming. Delay in changing rates also disrupts Piedmont's ability to effectively budget for its future earnings. Piedmont appreciates the need to present the IMR rate changes to the Authority for approval, but would ask assistance in minimizing the delay associated with such presentation.

2. Availability of Data. The annual report filed last November is cumulative in nature and was preceded by individual monthly report filings with TRA Staff that showed the same data reflected in the annual report. The Consumer Advocate was copied on those monthly reports and had at least the opportunity to begin its review of these matters well before now.

3. Discovery. Piedmont has responded to informal data requests from the Consumer Advocate this week and is working out the details for a meeting with the Consumer Advocate in the near future to walk through the work undertaken in Piedmont's Integrity Management program during this last annual period. Our proposed procedural schedule also contains additional opportunity for discovery by the Consumer Advocate.

4. Settlement. Piedmont has no objection to incorporating formal settlement meetings into the procedural schedule but we have also informed the Consumer Advocate that we are willing to sit down with them at any time during the pre-hearing and hearing process to discuss settlement and believe that such discussions can be conducted concurrent with the procedures set forth in Piedmont's proposed schedule.

Should you have any questions concerning this matter, please do not hesitate to contact me at the email address or telephone number listed above.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Dale Grimes". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

R. Dale Grimes

Enclosures

cc: Pia Powers (Piedmont)  
Bruce Barkley (Piedmont)  
David Foster (TRA)  
Wayne Irvin (TN CAPD)  
Daniel Whitaker (TN CAPD)

**Docket No. 16-00140**

**Procedural Schedule**

**January 27, 2017**

Due Date	Filing
January 30, 2017	Utility Prefiled Testimony
February 1, 2017	Intervenor Discovery Requests
February 7, 2017	Responses to Intervenor Discovery Requests
February 9, 2017	Motions to Compel Discovery (if needed)
February 13, 2017	Responses to Motion(s) to Compel
February 21, 2017	Intervenor Pre-Filed Direct Testimony
February 21, 2017	Utility Discovery Requests
February 27, 2017	Utility Prefiled Rebuttal Testimony
March 1, 2017	Pre-Hearing Motions
March 8, 2017	Pre-Hearing Conference
March 13, 2017	Hearing