

**BASS BERRY + SIMS** PLC

A PROFESSIONAL LIMITED LIABILITY COMPANY  
ATTORNEYS AT LAW

R. DALE GRIMES  
TEL: (615) 742-6244  
FAX: (615) 742-2744  
dgrimes@bassberry.com

150 THIRD AVENUE SOUTH, SUITE 2800  
NASHVILLE, TN 37201  
(615) 742-6200

www.bassberry.com

OTHER OFFICES:

KNOXVILLE  
MEMPHIS  
WASHINGTON, D.C.

February 13, 2017

**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 Company, Inc. for Approval of an Integrity Management Rider to Its Approved Rate Schedules and Service Regulations***  
**Docket No. 16-00140**

Dear Mr. Taylor:

Enclosed please find Piedmont Natural Gas Company, Inc.'s ("Piedmont") Responses to the Consumer Protection and Advocate Division's Discovery Requests dated February 6, 2017 in the above-captioned docket.

Please note that many of the attachments have been marked CONFIDENTIAL. Piedmont requests that these be treated as such pursuant to the September 27, 2013 Protective Order filed in Docket No. 13-00118.

This material is also being filed today by way of email to the Tennessee Regulatory Authority docket manager, Sharla Dillon. Please file the original and four copies 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

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

1. Refer to the Company's filing and the responses to the CPAD's data requests in this docket that specifically refer to data from the Company's books and records. Please provide a verification certificate from the Company's Chief Financial Officer, as well as the Company's Controller, that the amounts included in the Company's filing and data request responses are complete, accurate and reflect the actual balances on the Company's books and records. To the extent any such amounts are not complete, accurate and reflect the actual balances on the Company's books and records, please provide a reconciliation between such amounts in the Company's filing and the responses to the CPAD's data requests in this docket to the amounts in the Company's books and records.

**Response:** Pursuant to the discussion during the discovery meeting between Piedmont Natural Gas Company, Inc. and the CPAD at the CPAD's offices in Nashville, Tennessee on February 7, 2017, Piedmont has determined that Bills Currens, Senior Vice President, Chief Accounting Officer, and Controller of Duke Energy Corporation, is the appropriate person to provide the requested verification. Accordingly, please see the attached Verification of Bill Currens.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

2. Refer to the Company's response to Item 1-1. Please provide a verification certificate from the Company's Chief Financial Officer, as well as the Company's Controller, and provide supporting evidence that the costs itemized here are not already recovered in the Company's base rates from Docket 11-00144. For example, Row 7 of the spreadsheet attached with Item 1-1 lists \$1,583,183.23 in regular payroll costs (\$271,674.24 of which is allocated to Tennessee). Is this payroll cost incremental from the prior rate case or does it include employee time that was already included in base rates? Please provide the analysis supporting your conclusions to this response.

**Response:** The payroll costs identified in this question are incremental capitalized payroll expenses associated with Integrity Management projects that were incurred after Piedmont's most recent Tennessee general rate case and were not included in the calculation of rates in that general rate proceeding.

Pursuant to the discussion during the discovery meeting between Piedmont Natural Gas Company, Inc. and the CPAD at the CPAD's offices in Nashville, Tennessee on February 7, 2017, Piedmont has determined that Bills Currens, Senior Vice President, Chief Accounting Officer, and Controller of Duke Energy Corporation, is the appropriate person to provide the requested verification. Accordingly, please see the attached Verification of Bill Currens.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.  
INTEGRITY MANAGEMENT RIDER  
TRA DOCKET NO. 16-00140  
CONSUMER ADVOCATE DATA REQUEST NO. 2  
Date Issued: February 6, 2017**

3. Refer to the Company's response to Item 1-1. Please provide the invoices associated with all contract labor included on the attachment to Item 1-1.

**Response:** Documents responsive to this request will be provided pursuant to separate correspondence.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

4. Refer to the attachment included with the Company's response to Item 1-3 that provides the support for the Company's Tennessee allocation factor for joint property. Please provide a verification certificate from the Company's Chief Financial Officer, as well as the Company's Controller, and provide supporting details that the Company's Tennessee allocation factor calculation excludes joint property assets. If the Company's calculation does not exclude joint property assets, explain how this calculation is appropriate for allocating joint costs to Tennessee.

**Response:** Piedmont's Tennessee allocation factor, which is calculated on the basis of directly assigned net plant, does not include joint property. Please see the confidential attachment provided in the response to Item 1-4 which shows the detailed calculations of the allocation factors using plant balances excluding joint property as of October 31, 2013, October 31, 2014, October 31, 2015 and October 31, 2016.

Pursuant to the discussion during the discovery meeting between Piedmont Natural Gas Company, Inc. and the CPAD at the CPAD's offices in Nashville, Tennessee on February 7, 2017, Piedmont has determined that Bills Currens, Senior Vice President, Chief Accounting Officer, and Controller of Duke Energy Corporation, is the appropriate person to provide the requested verification. Accordingly, please see the attached Verification of Bill Currens.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

5. Refer to the attachment included with the Company's response to Item 1-3. Please provide a verification certificate from the Company's Chief Financial Officer, as well as the Company's Controller, that the balance sheet shown on this attachment represents the Company's balance sheet at October 31, 2015. To the extent the balance sheet shown on this attachment does not represent the Company's balance sheet at October 31, 2015, please provide a reconciliation of the differences between such Attachment and such balance sheet.

**Response:** Pursuant to the discussion during the discovery meeting between Piedmont Natural Gas Company, Inc. and the CPAD at the CPAD's offices in Nashville, Tennessee on February 7, 2017, Piedmont has determined that Bills Currens, Senior Vice President, Chief Accounting Officer, and Controller of Duke Energy Corporation, is the appropriate person to provide the requested verification. Accordingly, please see the attached Verification of Bill Currens.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

6. Refer to the attachments included with the Company's response to Item 1-5. Please provide a verification certificate from the Company's Chief Financial Officer, as well as the Company's Controller, that the capital expenditures shown on these Attachments represents the appropriate amounts recorded on the Company's books through October 31, 2016. To the extent the balance sheet shown on this attachment does not represent the appropriate amounts recorded on the Company's books through October 16, 2016, please provide a reconciliation of the differences between such attachment and such amounts recorded on the Company's books.

**Response:** Pursuant to the discussion during the discovery meeting between Piedmont Natural Gas Company, Inc. and the CPAD at the CPAD's offices in Nashville, Tennessee on February 7, 2017, Piedmont has determined that Bills Currens, Senior Vice President, Chief Accounting Officer, and Controller of Duke Energy Corporation, is the appropriate person to provide the requested verification. Accordingly, please see the attached Verification of Bill Currens.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

7. Refer to the Company's response to Item 1-6. Specifically refer to the 4th paragraph of this response, which reads in part as follows:

Piedmont uses MACRS-15 for its TIMP assets and MACRS-20 for its DIMP assets, pursuant to IRS Revenue Procedure 87-56. Note that TIMP assets represents the vast majority (\$170.8 million) of the cumulative capital expenditures as of 10/31/16 (\$192.8 million) in Piedmont's TN IMR.

Given that the DIMP cumulative assets represent \$29.0 million of the cumulative IMR capital expenditures, please explain why the Company does not calculate its deferred tax liability on both MACRS-15 and MACRS-20 year lives for the IMR surcharge calculations. Provide any source or support upon which the Company or any of its witnesses (or other respondent to this request) relies in responding to this request.

**Response:** Piedmont performs the computations of the Annual Revenue Requirements under the IMR mechanism pursuant to the 11/27/2013 Joint Stipulation Agreement between Piedmont and the Consumer Advocate and as subsequently approved by the TRA.

Piedmont has previously provided data request responses to the Consumer Advocate disclosing the details of the computation of the Company's Annual Revenue Requirement under the IMR, including the use of MACRS 15 tax depreciation. Please see the response to item #2 in the IMR data request responses provided to the Consumer Advocate on October 1, 2013 (filed in Docket No. 13-00118 on October 21, 2013). Also please see item #12 Attachment 2 of 2 in the IMR data request responses provided to the Consumer Advocate on January 28, 2016 referencing Docket Nos. 13-00118 and 15-00116.

Response provided by Piedmont Natural Gas on February 13, 2017.



**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

8. Refer to the attachment included with the Company's response to Item 1-7. Please provide (a) the source and support for the 2013, 2014, 2015 and 2016 taxable incomes for all companies and all jurisdictions that have been included on these schedules as hard numbers and (b) copies the relevant parts of the Company's tax returns for 2013, 2014, 2015 and 2016 showing and supporting such taxable incomes.

**Response:** Please see CONFIDENTIAL attachments.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

9. Refer to the attachment included with the Company's response to Item 1-7. Please provide a verification certificate from the Company's Chief Financial Officer, as well as the Company's Controller, that the Tennessee Tax Benefit of Net Operating Loss Carryforwards is \$25,605,456 at October 31, 2016. Please provide any source or support relied upon by such Chief Financial Officer and Controller in providing such verification certificate.

**Response:** Please see CONFIDENTIAL 2-8 Attachment.

Pursuant to the discussion during the discovery meeting between Piedmont Natural Gas Company, Inc. and the CPAD at the CPAD's offices in Nashville, Tennessee on February 7, 2017, Piedmont has determined that Bills Currens, Senior Vice President, Chief Accounting Officer, and Controller of Duke Energy Corporation, is the appropriate person to provide the requested verification. Accordingly, please see attached Verification of Bill Currens.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

10. Refer to the attachment included with the Company's response to Item 1-11. Explain why the Company does not include billing determinants from Rate 365 and Rate 373 (and any other excluded rate or rate schedule that reflects billing determinants related to compressed natural gas) in the IMR calculation. In addition, please provide the source and support for excluding these billing determinants from the IMR calculation.

**Response:** As provided in the response to Item 1-1 in Consumer Advocate Data Request No. 1, issued January 6, 2016, Piedmont applies the IMR surcharge pursuant to Piedmont's TRA-approved Rate Schedule 317. Section 1 – Provision for Adjustment affirms that the Integrity Management Adjustment shall be applied to Rate Schedules 301, 302, 303, 304, 310, 313, 314 and 352. This methodology has not changed from the time it was agreed to in the Stipulation with the CPAD in Docket No. 13-00118 and approved by Authority Order dated May 13, 2014 in the same docket.

Rate Schedule 365 billing determinants in the attachment to Item 1-11 reflect the volumes related to the Company's "cashing out" of customer account imbalances due to monthly quantities of natural gas delivered to the Company's city gate for the account of the customers differing from the monthly natural gas quantities actually consumed by the customers as metered by the Company.

Rate Schedule 373 billing determinants in the attachment to Item 1-11 reflect the volumes related to customer accounts that are under special contracts.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

11. Refer to the Company's response to Item 1-13. This response appears to refer to an attachment that was not provided. Please provide the attachment referred to in this response.

**Response:** This attachment was included in the CD transmitted to the CPAD in conjunction with Piedmont's responses to the Consumer Advocate's initial informal data requests and was also emailed to the CPAD when delivery of the initial CD was unexpectedly delayed. If the Consumer Advocate cannot locate either copy of the previously transmitted attachments, Piedmont will provide another copy.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

12. Identify any third party (i.e., any party unrelated to the Company) that has provided support or any basis upon the amounts capitalized or expended that are the subject of this filing or prior filings (including without limitation OASIS expenditures or capitalized costs) reflected or otherwise included in the IMR are prudent in a rate-making context. Provide copies of any work papers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, studies, or financial information relied upon by such third party.

**Response:** No third-parties have been utilized by Piedmont in any respect in determining that its integrity management investments reflected in its annual IMR reports are prudent in a rate-making context.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.  
INTEGRITY MANAGEMENT RIDER  
TRA DOCKET NO. 16-00140  
CONSUMER ADVOCATE DATA REQUEST NO. 2  
Date Issued: February 6, 2017**

13. Describe all third parties listed in your response to Item 12. Provide a description of their relationships to the Company and their background, including educational, professional and employment history, and qualifications within this field. How long has each of these third parties had a relationship with the Company?

**Response:** See response to Item 2-12.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

14. Identify any matter in which the third parties from Item 2-13 have testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony. If these third parties have not testified in a docket, list all matters in which each third party has offered an opinion or support for an opinion on a filing on behalf of the Company.

**Response:** See response to Item 2-12.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

15. For each of the third parties from Items 2-13 and 2-14, list when their review of this matter began. Describe the review process in detail and with specificity. If applicable, when did each third party reach a determination in this matter to any extent that the individual formed an opinion? Did any of the third parties reach a determination in this matter that is adverse in any way, either to the whole of the IMR filing or to a subset of the filing? If so, explain in detail and with specificity.

**Response:** See response to Item 2-12.

Response provided by Piedmont Natural Gas on February 13, 2017.



**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

16. With reference to CAPD Informal Data Request 1-18, please state by providing a copy, or if not in written form, provide a written explanation of "Piedmont's standard accounting practices and rules" that are relevant to the allocation of the costs associated with the OASIS project to the relevant jurisdictions in which Piedmont operates.

**Response:** Piedmont allocates costs to its various regulatory jurisdictions using a combination of direct assignment of direct costs and a shared allocation of joint costs. Specifically, all costs are allocated to one of five buckets: (1) Tennessee direct costs; (2) North Carolina direct costs; (3) South Carolina direct costs; (4) three-state joint costs; and (5) two-state joint costs. These cost-allocation methods are set out in Piedmont's accounting manual, a copy of the relevant pages of which are provided herewith, and have been used for many years in general rate cases and other rate setting proceedings in all three states in which Piedmont provides natural gas local distribution services. Piedmont's allocation of OASIS costs (a three-state joint asset) is consistent with these practices. Please see CONFIDENTIAL attachment.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

17. With reference to CPAD Informal Data Request 1-18 and the first line of the Company's Response thereto, state whether the Company is using the phrase "associated with" to mean that all of the IMR's costs are explicitly required by the federal safety and integrity management rules and regulation. If IMR's costs are not explicitly required by the federal safety and integrity management rules and regulation, state which costs are not explicitly required and provide a detailed breakout (including all such amounts and relevant description) of those costs that the Company believes are "associated with" and the costs that are not explicitly so required.

**Response:** Piedmont's use of the phrase "associated with" in describing costs incurred relative to its integrity management programs was intended to indicate that such costs were incurred as part of those programs. Piedmont's actions under its integrity management programs are mandated by federal integrity management laws, rules and regulations and, accordingly, the costs "associated with" those programs are incurred in compliance with those laws, rules and regulations.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

18. With reference to CPAD Informal Data Request 1-18, provide a copy of all of the federal safety and integrity management rules and regulations to which the Company refers.

**Response:** Please see the attachment provided in the response to Item 1-14, which shows the relevant sections from US DOT regulations Part 192, Subparts O and P. The federal regulations for pipeline safety can also be found by going to: [www.phmsa.dot.gov/regulations](http://www.phmsa.dot.gov/regulations).

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

19. With reference to CPAD Informal Data Request 1-18 and the phrase "costs are recorded in Piedmont's books consistent with the jurisdiction to which the asset serves/provides benefit", provide a description of the variances among the jurisdiction to which the Company is referring.

**Response:** Please see response to Item 2-16.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

20. With reference to CPAD Informal Data Request 1-18, identify the person or persons who manage and operate the safety and integrity management rules and regulations for Piedmont on a Company-wide basis. If this person (or one of the persons mentioned) has not provided testimony in this Docket, will this person (or one of the persons mentioned) be available for questioning at the hearing on this Docket before the TRA panel of directors?

**Response:** Victor Gaglio, Senior Vice President and Chief Operations Officer of Piedmont Natural Gas Company, Inc.

Piedmont has no present intent to have Mr. Gaglio present at the hearing of this matter but that could change either as a result of the possible need for Mr. Gaglio to file rebuttal testimony in this proceeding or if either the Consumer Advocate or TRA Staff requests his presence.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

21. With reference to CPAD Informal Data Request 1-18, provide a detailed list of each fact that supports the Company's assertion that "these facts establish the prudence of these costs in a ratemaking context." Provide copies of any work papers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, studies, or financial information relied upon by the Company in its making of that assertion.

**Response:** The costs included in Piedmont's IMRR calculation are those incurred to design, construct, and place into service facilities required to comply with federal safety and integrity regulations which are used and useful in the provision of natural gas service to the citizens of Tennessee. These costs were prudently incurred in the normal course of Piedmont's business under the direct supervision of a dedicated team of Piedmont engineers responsible for Piedmont's compliance with federal safety and integrity regulations and under the direct supervision of Piedmont's Chief Operating Officer, Victor Gaglio. The costs were accounted for using Piedmont's standard cost classification and allocation principles as set forth in its corporate accounting manual, which are exactly the same as what Piedmont uses to allocate and record all costs and capital investments of Piedmont on its books. The books and records that would support the conclusion that Piedmont's integrity management costs are prudent include the underlying invoices for such work, the plans and records for individual integrity projects, Piedmont's general ledger, Piedmont's transmission integrity and distribution integrity management plans, and other documents relating thereto. Piedmont will make these records available for review by the Consumer Advocate at Piedmont's corporate offices in Charlotte, North Carolina at a mutually convenient time should the Consumer Advocate desire to review them.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

22. Describe the process that the Company undertakes to verify the numbers and percentages in this filing. Does the Company allow an independent party to review the filing? If the Company does not have an independent review, describe in detail and with specificity the reason(s) the Company does not have this measure in place. Additionally, describe in detail with specificity all safeguards and other measures that the Company has in place to ensure that this filing is compliant with the requirements of the tariff and meets the standards for accuracy and completeness.

**Response:** As has been described above, Piedmont utilizes its standard approved (and long-standing) corporate accounting practices to account for the costs associated with the Company's integrity management plans. Piedmont's general accounting practices are consistent with prevailing standards of accounting applicable to public companies (even though Piedmont is no longer itself a public company) and Piedmont's books and records are routinely audited by an independent public accounting firm. The filings provided to the TRA under those plans are created from the data recorded on the Company's books utilizing the calculation methodology prescribed in Piedmont's Service Schedule No. 317. The filings are created and reviewed by experienced Piedmont regulatory and accounting personnel prior to filing with the TRA and Piedmont has a very high degree of confidence that they are accurate and complete when filed. Piedmont does not utilize a third-party to scrutinize its IMR data reported to the TRA and has never utilized a third-party to independently preview filings submitted to state public service commissions. Furthermore, Piedmont is unaware of any natural gas local distribution company that utilizes third-parties for such purpose.

Response provided by Piedmont Natural Gas on February 13, 2017.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**INTEGRITY MANAGEMENT RIDER**  
**TRA DOCKET NO. 16-00140**  
**CONSUMER ADVOCATE DATA REQUEST NO. 2**  
**Date Issued: February 6, 2017**

23. Describe in detail with specificity the oversight by the Company's Controller's Office, as well as all other entities with access to the Company's General Ledger, in creating all aspects of this filing before the Tennessee Regulatory Authority.

**Response:** Piedmont's annual IMR report to the TRA is created and reviewed by qualified internal Piedmont regulatory and accounting personnel using Piedmont's corporate books and standard accounting systems. The TRA annual IMR report is one of hundreds of reports prepared by Piedmont and submitted to the various state public service commission's in the states of Tennessee, North Carolina, and South Carolina on an annual basis. All of these reports are carefully scrutinized by Piedmont supervisory personnel prior to filing. None of these reports receives direct scrutiny from the Duke Energy Controller's Office prior to filing both because such direct scrutiny is wholly impractical and unnecessary.

Response provided by Piedmont Natural Gas on February 13, 2017.



STATE OF NORTH CAROLINA       )  
  )  
COUNTY OF MECKLENBURG       )

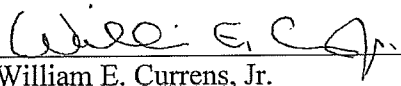
VERIFICATION

William E. Currens, Jr., being first duly sworn, deposes and says:

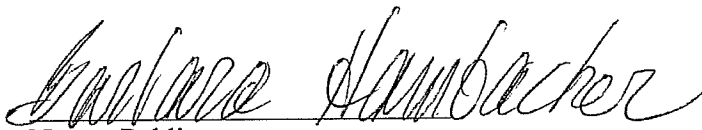
That he is SENIOR VICE PRESIDENT, CHIEF ACCOUNTING OFFICER, AND CONTROLLER for PIEDMONT NATURAL GAS COMPANY, INC., applicant in the Petition of Piedmont Natural Gas Company, Inc. for Approval of an Integrity Management Rider to its Approved Rate Schedules and Service Regulations; that he has read the Company's Petition and knows the contents thereof; that the same is true except as to the matters stated therein on information and belief; and as to those matters, he believes it to be true. In furtherance thereof, he certifies the following:

- That the amounts included in the Company's filing and data request responses are complete, accurate, and reflect the actual balances on the Company's books and records;
- That the costs itemized in response to CPAD Data Request No. 2-1 are not already recovered in the Company's base rates from TRA Docket 11-00144;
- That the Company's Tennessee allocation factor calculation excludes joint property assets;
- That the balance sheet provided by the Company in response to CPAD Data Request Nos. 1-3 and 2-5 represents the Company's balance sheet as of October 31, 2015;
- That the capital expenditures shown on attachments provided in response to CPAD Data Request Nos. 1-5 and 2-6 represents the appropriate amounts recorded on the Company's books through October 31, 2016; and

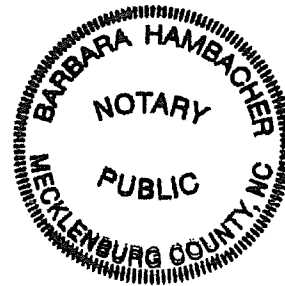
- That the Tennessee Tax Benefit of Net Operating Loss Carryforwards is \$24,605,456 as of October 31, 2016.

  
William E. Currens, Jr.

Sworn to and subscribed before  
me this the 13<sup>th</sup> day of February, 2017.

  
Notary Public

My Commission expires: 10/6/2018



**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on February 13, 2017, a copy of the attached was served upon the following by electronic mail and by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, addressed as follows:

Alex Bradley  
Dan Whittaker  
Office of the Attorney General  
Consumer Advocate and Protection Division  
Post Office Box 20207  
Nashville, Tennessee 37202  
Emily.Knight@ag.tn.gov

  
\_\_\_\_\_