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May 30, 2019

**Via Hand Delivery and Email**

Executive Director Earl Taylor  
c/o Tory Lawless  
Tennessee Public Utility Commission  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

**Re: *Compliance Filing of Piedmont Natural Gas Company, Inc. Regarding the Impact of Federal Tax Reform on Public Utility Revenue Requirements*  
Docket No. 18-00040**

Dear Mr. Taylor:

Pursuant to Paragraph 12b of the Stipulation and Partial Settlement Agreement filed on February 27, 2019 in TPUC Docket No. 18-00040, Piedmont is hereby submitting the enclosed Supplemental Exhibit B.

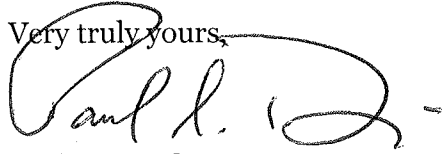
Supplemental Exhibit B reflects the Deferred Base Revenue Rate Decrements applicable to Piedmont's June 2019 billing rates. The purpose of these decrements is to refund to customers the previously deferred base revenues recorded as a result of the change in the federal income tax rate from 35% to 21% under the 2017 Tax Cuts and Jobs Act. The decrements shown in Supplemental Exhibit B are computed using the actual deferred base revenue balance from January 1, 2018 through April 30, 2019 and an estimate of May 2019 deferred base revenue activity. Piedmont is estimating the May 2019 activity, using the actual activity from May 2018, to ensure that the decrement rates can be implemented for June 2019 billing contemporaneously with the rates authorized in TPUC Docket No. 18-00126. This balance will be amortized and returned to customers over a period of three years through the decrement. The total amount to be refunded to customers will be exactly the amount of actual deferred base revenues from January 1, 2018 through May 31, 2019. Any under-payment or over-payment of this refund over the three-year period will be credited or debited to Piedmont's Annual Cost Adjustment account.

This material is also being filed by way of email to the Tennessee Public Utility Commission Docket Manager, Tory Lawless. Please file the original and four copies of this filing and stamp the additional copy as "filed." Then please return the stamped copies to me by way of our courier.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul S. Davidson", with a large, stylized flourish extending from the end of the signature.

Paul S. Davidson

Enclosure

cc: Daniel P. Whitaker, III  
James H. Jeffries, IV

## Decrement Computation for the Return of Deferred Revenue Resulting from Decrease in FIT Rate (35% to 21%)

State of Tennessee

Docket No. 18-00040

		[A]	[B]	[C]	[D]	[E]	[F]
				Small & Medium General	Large General	Resale Service	
Line No.		Notes	Residential (301)	(302, 352)	(303, 304, 313, 314)	(310)	Total
1	Customer Class Apportionment Percent	see table below	59.64%	31.20%	9.13%	0.03%	100.00%
2	Base Rate Adjustment for Recovery (Refund)	[= Line 1 * Line 14]	\$ (2,179,009)	\$ (1,139,871)	\$ (333,483)	\$ (1,000)	\$ (3,653,362)
3	Annualized Throughput from 2011 Rate Case (DTs)	Docket No. 11-00144	11,130,214	6,664,958	10,466,595	10,312	28,272,079
4	Decrement Per DT	[ = Line 2 / Line 3]	(0.1958)	(0.1710)	(0.0319)	(0.0970)	
5	Decrement Per Therm effective June 1, 2019	[ = Line 4 / 10 ]	(0.01958)	(0.01710)	(0.00319)	(0.00970)	

## Derivation of Customer Class Apportionment Percentage

	Docket No. 11-00144: 2011 Rate Case Margin Revenues	Annual Total	Allocation %
6	Residential (301)	\$ 62,049,925	59.64%
7	Sm & Med General Service (302, 352)	\$ 32,459,219	31.20%
8	Large General Service (303, 304, 313, 314)	\$ 9,496,322	9.13%
9	Resale Service (310)	\$ 28,481	0.03%
10	Total	\$ 104,033,947	100.00%

	Deferral Amount for Ratemaking
11	Actual Deferrals: January 2018 thru April 2019
12	Estimated Deferral: May 2019
13	Total Deferral Amount used for computation of Rate Decrements
14	Total as amortized over 3 years [Line 13 / 3]