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December 18, 2018 **RECEIVED**

**DEC 18 2018**

**TN PUBLIC UTILITY COMMISSION  
DOCKET OFFICE**

**Via Hand Delivery**

The Honorable Earl Taylor  
Tennessee Public Utility Commission  
c/o Sharla Dillon  
502 Deaderick Street, Fourth Floor  
Nashville, TN 37423

Re: Piedmont Natural Gas Company, Inc. - TPUC Docket No. 18-00040

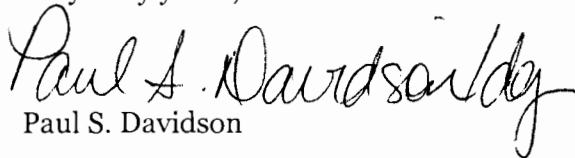
Dear Mr. Taylor:

Please find attached responses and attachments to the CPAD's Discovery Request No. 2 in the above-referenced Docket No. 1-00040. These are being filed with TPUC per the scheduling order. Please file the original and four copies which were also filed electronically this morning, and stamp the additional copy as "filed."

I have also enclosed 13 copies plus an original of CONFIDENTIAL documents that were not filed online because of their confidential nature. I would appreciate you also stamping the additional set of confidential documents as "filed." Then please return the stamped copies 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.

Very truly yours,

  
Paul S. Davidson

PSD:cdg  
Attachments

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**DOCKET NO. 18-00040**  
**FEDERAL TAX CUT AND JOBS ACT**  
**SECOND INFORMAL DATA REQUEST**  
**Issued: December 5, 2018**

3. Provide a comprehensive explanation supporting the distinction between Accumulated Deferred Tax Items recorded in Account 282 versus those recorded in Account 283.

**Response:** FERC accounts 282 and 283 capture deferred tax liabilities. Deferred tax liabilities related to PP&E book-tax differences are reported in 282 and all other book-tax differences giving rise to deferred tax liabilities are reported in 283.

**Name and title of responsible person: John Panizza, Director Tax Operations**

**Name and title of preparer: Chris Nelson, Tax Manager and Brian Neiheisel, Senior Tax Manager**

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6. To the extent state income tax rates impact the data contained in the hard-coded cells located in various cells within the TN Excess ADIT tab of CONFIDENTIAL 1-16 Attachment, provide the calculation of the embedded state tax rates, how they were determined, and the justification for the use of a composite rate in the determination of Tennessee jurisdictional excess ADIT.

**Response:** See CONFIDENTIAL attachment for a calculation of the blended state tax rate. Following GAAP accounting, which is how tax is recorded, ASC 740 (formerly FAS109) guides the accounting of income taxes for financial statement purposes. The use of a composite income tax rate in the determination of ADIT and Excess ADIT is consistent with the standards required by GAAP accounting.

**Name and title of responsible person: John Panizza, Director Tax Operations**

**Name and title of preparer: Chris Nelson, Tax Manager and Brian Neiheisel, Senior Tax Manager**

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8. Provide the approximate date the adjustments to true-up to the 2017 return will be identified and recorded.

**Response:** Presently, the Company expects that these adjustments will be finalized in Q1 2019.

**Name and title of responsible person: John Panizza, Director Tax Operations**

**Name and title of preparer: Chris Nelson, Tax Manager and Brian Neiheisel, Senior Tax Manager**

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10. With respect to the response to Consumer Advocate Request 1-9, confirm that there were no modifications to Piedmont's regulated balance of ADIT, or NOL, as a result of the Duke acquisition of Piedmont.

**Response:** That is correct; any ADIT related to the Duke acquisition of Piedmont Natural Gas is not included on the Company's regulated books and records, and therefore not used for ratemaking purposes for Piedmont.

**Name and title of responsible person: John Panizza, Director Tax Operations**

**Name and title of preparer: Chris Nelson, Tax Manager and Brian Neiheisel, Senior Tax Manager**

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11. Provide a comprehensive explanation, along with all supporting calculations, supporting the state portion of corporate assets that were assigned to Tennessee as illustrated in Exhibit 3.

**Response:** See CONFIDENTIAL attachment. It is Piedmont's longstanding ratemaking practice to use this allocation factor for the purposes of assigning jurisdictional responsibility for corporate assets.

**Name and title of responsible person: Pia Powers, Director – Gas Rates & Regulatory Affairs**

**Name and title of preparer: Pia Powers, Director – Gas Rates & Regulatory Affairs**

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13. Regarding the Company's response to Consumer Advocate Request 1-27, provide all calculations and workpapers supporting the amounts recorded as deferred revenue by month for the period January 2018 through May 2018. These workpapers should reflect both the accrued revenue beginning in January, as well as the calculation of the reduction in federal tax expense.

**Response:** See CONFIDENTIAL attachments.

**Name and title of responsible person:** Pia Powers, Director – Gas Rates & Regulatory Affairs

**Name and title of preparer:** Pia Powers, Director – Gas Rates & Regulatory Affairs

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18. Regarding the affordability of Piedmont's overall customer bill, provide the average monthly residential customer bill, along with supporting calculations and components for the period January 2014 through October 2018. Include the average cost of gas per MCF and average gas costs incurred by residential customers for 2015 - 2018 year to date. This response should include average monthly consumption volumes.

**Response:** See attachment.

**Name and title of responsible person:** Pia Powers, Director – Gas Rates & Regulatory Affairs

**Name and title of preparer:** Pia Powers, Director – Gas Rates & Regulatory Affairs