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Electronically Filed in TPUC Docket Room on 4/1/2019 at 1:37 p.m.

April 1, 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:

Enclosed please find an original and five (5) copies of Piedmont Natural Gas Company, Inc.'s ("Piedmont") Federal Tax Cuts and Jobs Act Supplemental Data Request issued March 14, 2019 in the above-captioned docket. Please file the original and four copies which were also filed electronically this morning, and stamp the additional copy as "filed."

Please note that the attachments have been marked CONFIDENTIAL. Please stamp the additional set of confidential documents as "filed" and return to our office by way of our office courier.

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,

Paul S. Davidson

PSD/ss

Enclosures

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

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 18-00040
FEDERAL TAX CUT AND JOBS ACT
SUPPLEMENTAL DATA REQUEST
Issued: March 14, 2019

DR 1-16: With respect to all book/tax timing differences associated with the balance of ADIT related to Piedmont's Tennessee operations (a balance of \$64.4 million as illustrated in Exhibit 3), provide the following:

- a. Identify all book/tax timing differences associated with Piedmont's Tennessee operations as of December 31, 2017.
- b. For each book/tax timing difference provide a comprehensive explanation defining the nature of the difference.
- c. Identify each difference as "Protected" or "Unprotected".
- d. Identify the amount and line item comprising book/tax differences associated with Cost of (Asset) Removal.
- e. Identify the amount and line item comprising the book/tax differences associated with the Repair Deduction.

Original Response:

- a. See confidential attachment.
- b. See confidential attachment.
- c. See confidential attachment. Of the \$64.4 million, \$50.8 million is protected and \$13.6 million is unprotected. See Column BJ on Tab 'TN Excess ADIT' and Column B on Tab 'TN 282 ADIT'.
- d. Cost of Removal cannot be precisely identified by book/tax difference line items due to limitations in the PowerTax Interface with the Company's book accounting records; the PowerTax interface pulls in total book depreciation and does NOT distinguish between depreciation accruals for the cost of the assets versus the depreciation accruals for the future cost of removal. The estimated Excess ADIT Cost of Removal amount for Tennessee is \$19,797,576.
- e. The estimated Excess ADIT for the Repair Deduction is (\$6,850,360).

Supplemental Response:

See confidential attachment that layers the true-up adjustments to the information previously provided in response to this data request.

- a. See confidential attachment.
- b. See confidential attachment.

**PIEDMONT NATURAL GAS COMPANY, INC.
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- c. See confidential attachment. Of the \$57.6 million, \$44.0 million is protected and \$13.6 million is unprotected. Support on tab 'Sup TN 282 Excess ADIT Comp'.
- d. No change from first data request response.
- e. The estimated Excess ADIT for the Repair Deduction is (\$7,924,478)

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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DR 1-19: With respect to all book/tax timing differences associated with Corporate Assets (gross balance \$44.7 million as shown on Exhibit 3), provide the following:

- a. Identify all book/tax timing differences associated with corporate operations (whether plant related or not) as of December 31, 2017.
- b. For each book/tax timing difference, provide a comprehensive explanation defining the nature of the difference.
- c. Identify each difference as 'Protected' or 'Unprotected'.
- d. Identify the amount and line item comprising book/tax differences associated with Cost of (Asset) Removal.
- e. Identify the amount and line item comprising the book/tax differences associated with the Repair Deduction.

Original Response:

- a. See confidential attachment.
- b. See confidential attachment.
- c. See confidential attachment. Of the \$47.7 million, \$21.3 million is protected and \$23.4 million is unprotected. See Column BJ on Tab '3 State Excess ADIT' and Column B on Tab '3 State 282 Excess ADIT'.
- d. Cost of Removal cannot be precisely identified by book/tax difference line items due to limitations in the PowerTax Interface with the Company's book accounting records; the PowerTax interface pulls in total book depreciation and does NOT distinguish between depreciation accruals for the cost of the assets versus the depreciation accruals for the future cost of removal. The estimated Excess ADIT Cost of Removal amount for 3 State is (\$3,826).
- e. The estimated Excess ADIT for the Repair Deduction is (\$714,086).

Supplemental Response:

See confidential attachment that layers the true-up adjustments to the information previously provided in response to this data request.

- a. See confidential attachment.
- b. See confidential attachment.

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- c. See confidential attachment. Of the \$38.9 million, \$15.5 million is protected and \$23.4 million is unprotected. Support on tab 'Sup 3-St 282 Excess ADIT Comp'.
- d. No change from first data request response.
- e. The estimated Excess ADIT for the Repair Deduction is (\$7,051,676)

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