

IN THE TENNESSEE PUBLIC UTILITY COMMISSION

AT NASHVILLE, TENNESSEE

IN RE:

**PETITION OF PIEDMONT NATURAL)
GAS, INC. FOR APPROVAL OF AN) DOCKET NO. 18-00126
INTEGRITY MANAGEMENT RIDER)
TO ITS APPROVED RATE SCHEDULES)
AND SERVICE REGULATIONS)**

**CONSUMER ADVOCATE'S FIRST DISCOVERY REQUEST
TO PIEDMONT NATURAL GAS COMPANY, INC.**

To: Piedmont Natural Gas Company, Inc.

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This First Discovery Request is hereby served upon Piedmont Natural Gas Company, Inc. (Company), pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Advocate Unit of the Financial Division of the Attorney General's Office (Consumer Advocate) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, 315 Deaderick Street, 20th Floor,

Nashville, Tennessee 37243, c/o Daniel P. Whitaker, III, on or before 4:00 p.m. (CDT), January 25, 2019.

PRELIMINARY MATTERS AND DEFINITIONS

1. **Continuing Request.** These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by the Company and any of its affiliates which would make a prior response inaccurate, incomplete, or incorrect.

2. **Clear References.** To the extent that the data or information requested is incorporated or contained in a document, identify the document including page/line number if applicable.

3. **Format of Responses.** Provide all responses in the format in which they were created or maintained, for example, Microsoft Word or Microsoft Excel format with all cells and formulas intact and in working order. If a document (including without limitation a financial or other spreadsheet or work paper) is not created or maintained in Microsoft Excel format, convert the document to Microsoft Excel format or provide the document in a format that enables or permits functionality like or similar to Microsoft Excel (including without limitation the functionality of working cells and formulas), or provide the software program(s) that will enable the Consumer Advocate to audit and analyze the data and information in the same manner as would be enabled or permitted if the document were provided in Microsoft Excel format.

4. **Objections.** If any objections to this discovery are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege or immunity asserted. If you claim a document is privileged, identify the document and state the basis for the privilege or immunity asserted. If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

5. The singular shall include the plural, and vice-versa, where appropriate.

6. **Definitions.** As used in this Request:

(a) “You,” “Your,” “Company,” “Piedmont Natural Gas Company, Inc.,” or “Piedmont” shall mean Piedmont Natural Gas Company, Inc., and all employees, agents, attorneys, representatives, or any other person acting or purporting to act on its behalf.

(b) “Affiliate” shall mean any entity who, directly or indirectly, is in control of, is controlled by, or is under common control with the Company. For greater clarification, “control” is the ownership of 20% or more of the shares of stock entitled to vote for the election of directors in the case of a corporation, or 20% or more of the equity interest in the case of any other type of entity, or status as a director or officer of a corporation or limited liability company, or status as a partner of a partnership, or status as an owner of a sole proprietorship, or any other arrangement whereby a person has the power to choose, direct, or manage the board of directors or equivalent governing body, officers, managers, employees, proxies, or agents of another person. In addition, the term “Affiliate” shall mean any entity that directly or indirectly provides management or operational services to the Company or any affiliate (as defined in the preceding sentence) of the Company, or to which the Company provides management or operational services. Further, the payment of money to the Company or receipt by the Company of money from an entity with which the Company has any relationship, other than such payment or receipt, shall include the payor or recipient of such money as an “Affiliate”.

(c) “Communication” shall mean any transmission of information by oral, graphic, written, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, meetings and personal conversations, or otherwise.

(d) “Document” shall have the broadest possible meaning under applicable law. “Document” shall mean any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, letter, note, report, electronic mail, memorandum (including memoranda, electronic mail, report, or note of a meeting or communication), work paper, spreadsheet, photograph, videotape, audio tape, computer disk or record, or any other data compilation in any form without limitation, which is in your possession, custody or control. If any such document was, but no longer is, in your possession, custody or control, state what disposition was made of the document and when it was made?

(e) “Person” shall mean any natural person, corporation, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

- (f) “Identify” with respect to:
- i. Any natural person, means to state the full name, telephone number, email address and the current or last known business address of the person (if no business address or email address is available provide any address known to you) and that person’s relationship, whether business, commercial, professional, or personal with you;
 - ii. Any legal person, business entity or association, means to state the full name, the name of your contact person with the entity, all trade name(s), doing business as name(s), telephone number(s), email address(es), and current or last known business address of such person or entity (if no business address is available provide any address known to you);
 - iii. Any document, means to state the type of document (e.g., letter), the title, identify the author, the subject matter, the date the document bears and the date it was written; and
 - iv. Any oral communication, means to state the date when and the place where it was made, identify the person who made it, identify the person or persons who were present or who heard it, and the substance of it.
- (g) “And” and “or” shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive.
- (h) “Including” shall be construed to mean including but not limited to.

FIRST DISCOVERY REQUESTS

1. Provide the monthly IMR reports in Excel format, with working cells for the period November 2017 through October 2018.

RESPONSE:

2. Confirm whether Piedmont’s IMR computes the IMR-related Income Tax Expense using a Tennessee-specific tax rate, but computes IMR-ADIT using a composite-state income tax rate. Notwithstanding the historic treatment of these items within the IMR calculation, provide a detailed discussion of Piedmont’s rationale for using differing state tax rates within these two IMR revenue requirement components.

RESPONSE:

3. Refer to the following Consumer Advocate discovery requests provided by Piedmont in TPUC Docket No. 17-00138. Confirm that each response reflects accurate, complete, and up-to-date information. If the response needs to be updated to reflect accurate, complete, and up-to-date information, provide such an update:

- a. No. 1-26;
- b. No. 1-29;
- c. No. 1-51;
- d. No. 1-57;
- e. No. 1-61;
- f. No. 1-63; and
- g. Supplemental Response No. 14 (issued 2/1/18 regarding OASIS Ad-Valorem taxes).

RESPONSE:

4. If new Transmission and/or Distribution Integrity Management plans have been complied since the May 2017 reports provided in Piedmont's Confidential Response No. 1-19, provide a copy of the 2018 plan(s).

RESPONSE:

5. Confirm that appropriate plant retirements associated with new IMR plant placed in service for the period November 1, 2017 through October 31, 2018 have been recorded and properly reflected within this filing. For all retirements during this period, identify the project giving rise to the retirement, the date of the retirement, the dollar amount of plant retired, and the associated FERC plant account(s) in which Piedmont recorded the retirement.

RESPONSE:

6. Provide the capital expenditure budget by state and by year for the period 2019 – 2021. For purposes of this request, exclude the capital associated with common assets that are appropriately allocated among the Piedmont states.

RESPONSE:

7. Provide the average installation cost-per-mile of main for the twelve-month period ending October 31, 2018.

RESPONSE:

8. Provide the ratio of capitalized labor applicable to Piedmont-Tennessee operations to total labor, including the allocable portion of indirect labor for the period November 2017 through October 2018.

RESPONSE:

9. Provide a comprehensive discussion supporting the use of a 35% federal tax rate in the computation of the NOL within the tab identified as “Annual Rpt-NOL Summary Sch 12”. Within this response, confirm or deny whether all ADIT, including total Piedmont NOL, was recast at the post-Tax Cuts and Jobs Act composite tax rate in the determination of Excess ADIT.

RESPONSE:

10. Provide a comprehensive discussion supporting Piedmont’s rationale in using the 39.23% composite tax rate within the computation of ADIT found within the Annual Rpt-Vintage tabs on row 154.

RESPONSE:

11. Refer to the following projects (with respect to the funding project numbers, along with each referenced month), and provide a comprehensive discussion identifying how the project is required pursuant to DOT regulations. This response should contain all source and support used in the internal review and approval of the project:

- a. FP1733931 Shelby Park RR Bridge (November);
- b. FP 1734415 Foster Ave (December);
- c. FP1734120 Line 431 Replacement (February);
- d. FP1734119 Line 307 Replacement (April); and
- e. FP 1733763 Harding Place (April).

RESPONSE:

12. Provide copies of the following work orders, along with the initial projection of costs and documentation provided internally to gain project approval. If not contained in the work order, provide a summary of charges, with references to the support for the costs:

- a. FP1734720;
- b. FP 1734138; and
- c. FP1734120.

RESPONSE:

13. Identify the amount of Ad-Valorem tax incorporated into the IMR request associated with the tax-exempt OASIS project.

RESPONSE:

14. Provide the following Tennessee operational metrics for calendar year 2016-2017 along with the most recent year-to-date information available for 2018:

- a. Average Age of Leaks;
- b. Number of Leaks by PHMSA category (grade);
- c. Emergency Response Time;
- d. Quantity of Pipe in the following categories:
 - i. Bare Steel Service Lines (end of period # of lines);
 - ii. Aldyl-A Service lines (end of period # of lines);
 - iii. Bare Steel Unprotected Main (end of period Miles);

- iv. Cast Iron Main (end of period Miles);
- e. Number of Estimated Bills Issued;
- f. Number of Formal Complaints (legislative, regulatory);
- g. Answered call rate within a specified time period;
- h. Number of disconnects for non-payment; and
- i. Average cost of installed service lines.

RESPONSE:

15. Regarding Schedule 4 of the monthly reports, explain whether the identified usage refers to “billed” volumes or accrued volumes.

RESPONSE:

16. Provide a copy of internal sales summary reports identifying usage by customer class for the period (by month) of November 2017 through October 2018.

RESPONSE:

17. Reconcile the volumes by class contained in the November 2017 form 303 reports, with the volumes included in the September monthly IMR report. In addition to the reconciliation, provide a comprehensive explanation for the difference in volumes.

RESPONSE:

RESPECTFULLY SUBMITTED,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 18th day of January, 2019.



DANIEL P. WHITAKER III
Assistant Attorney General