

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:)
)
 INVESTIGATION INTO PIEDMONT) DOCKET NO. 19-00007
 NATURAL GAS COMPANY, INC'S)
 INTEGRITY MANAGEMENT RIDER)

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

To: Paul S. Davidson, Esq.
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This First Discovery Request is hereby served upon Piedmont Natural Gas Company, Inc. (Company or Piedmont), 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 in the Financial Division of the Tennessee 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, Consumer Advocate Unit, Financial Division, War Memorial Building, 301 6th Avenue North,

Nashville, Tennessee 37243, c/o Daniel P. Whitaker III, on or before 2:00 p.m. (CDT), Thursday, May 30, 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,” 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

1-1.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] (CONFIDENTIAL – Filed under seal)

RESPONSE:

- 1-2. Provide property tax statements of Tennessee and North Carolina for periods 2011 through 2018. Within these statements identify any Tennessee-direct or allocated property which was exempt from property tax assessment in either Tennessee or North Carolina.

RESPONSE:

- 1-3. Provide the most recent capital budget for Piedmont-Tennessee for the period 2020 – 2022, and identify the estimated amount of IMR-qualifying investment.

RESPONSE:

- 1-4. Provide all prepared cost estimates related to billing system modifications which would provide the ability to supply customers with increased information concerning the components of their bill.

RESPONSE:

- 1-5. Provide the Tennessee portion of the Oasis asset and Accumulated Depreciation balances as of December 31, 2018, which Piedmont believes would be the appropriate balances to reflect in any rate case filing with TPUC. In support of this response, provide all related underlying workpapers.

RESPONSE:

- 1-6. Provide the effective Tennessee portion of the Oasis allocation ratio consistently calculated with the North Carolina ratio which is contained in the pending North Carolina rate case proceeding. Provide the underlying calculations supporting this ratio.

RESPONSE:

- 1-7. Identify the criteria the Company believes should be used by regulators in the evaluation of whether capital project costs are prudent. For each identified criterion, provide an explanation of how it would be applied to the evaluation of IMR projects.

RESPONSE:

- 1-8. Provide the cost per installed service line for the twelve-month period ended October 2018.
Provide the amount spent on services as well as the number of service lines installed.

RESPONSE:

- 1-9. Provide a copy of all reports provided to regulators in North Carolina, South Carolina, Tennessee, Kentucky, or Ohio covering 2018 operations containing any of the following data:
- a. Emergency Response Time (Odor calls);
 - b. Number of Leaks by grade;
 - c. Third party damages; and
 - d. Answered Call Rate.

RESPONSE:

- 1-10. Refer to the March 2019 Duke Energy Update slides contained in the Investors section of the Duke Energy website. Footnote 4 within slide 68 of 78 indicates that the reported Piedmont Net Income for 2018 excludes \$5 Million of income related to Investments in Gas Transmission Infrastructure. Indicate whether Revenue/Income associated with Piedmont's Tennessee Transmission system is reflected in the surveillance reports provided to the Commission. If Transmission revenue or margins associated with Transmission investment are not included within earnings reports submitted to the Commission, provide the justification supporting the exclusion.

RESPONSE:

- 1-11. Provide a comprehensive narrative explaining when in the plant accounting process retirements are recorded. This response should clearly state whether retirements are

recorded when construction is recorded within FERC account 106 (Completed Construction Not Classified) or within FERC account 101 – Plant in Service.

RESPONSE:

- 1-12. Provide a roll-out schedule describing how the OASIS asset has been implemented into use over time for each Oasis component. Within this break-down of implementation, provide a detailed discussion of how the items in each phase relate to FERC part 192, subparts O and P.

RESPONSE:

- 1-13. Provide the date the OASIS asset was or will be fully implemented into use by Piedmont.

RESPONSE:

- 1-14. Provide a comprehensive analysis of Piedmont's rationale for including OASIS costs in IMR rates before the system was used and useful.

RESPONSE:

- 1-15: Describe in detail the impacts of Duke Energy Corporation's acquisition of Piedmont with respect to planning, undertaking, financing, and implementing the OASIS project.

RESPONSE:

- 1-16. Provide the names of OASIS-type assets utilized by Duke Energy Corporation's other subsidiaries. For each asset, provide the project's initial budget and the final cost of the project (or the most recent total cost if the project has not yet been completed and fully implemented).

RESPONSE:

- 1-17. Provide a comprehensive analysis describing how the goals of the OASIS asset changed over time between the planning stage, creation, and employment of the system.

RESPONSE:

- 1-18. Provide a comprehensive narrative detailing how Piedmont analyzes whether a project qualifies as an IMR investment based on FERC part 192, subparts O and P.

RESPONSE:

- 1-19. If only certain aspects of a project, but not the entirety of the project, qualify as an IMR investment, should the total cost of the project be recovered through the Company's IMR? Provide all support to justify your reasoning.

RESPONSE:

- 1-20. Provide the Company's latest estimate for when it plans to initiate a general rate case in Tennessee.

RESPONSE:

- 1-21. On April 9, 2018, during the Hearing on the merits in Docket No. 17-00138, in a series of questions from Chairman Jones, Piedmont witness Gaglio stated Piedmont would have been at a disadvantage competitively if it had not integrated the OASIS system and that other transmission pipeline companies in the industry were trying to integrate their legacy systems in a similar manner to Piedmont's OASIS system.¹ Provide all information in the possession of Piedmont identifying the costs of assets similar to the Oasis asset owned by peer gas utilities (or divisions of gas utilities). Further provide all supporting evidence that Piedmont witness Gaglio used to make this assertion at the Hearing.

RESPONSE:

- 1-22. Given the magnitude of the existing IMR surcharge, does Piedmont believe it appropriate to place a cap on annual IMR increases to customers? If Piedmont does not believe such a

¹ TPUC Docket No. 17-00138, Transcript of Commission Conference, p. 76-77 (April 9, 2018).

cap is appropriate, provide a comprehensive explanation why incorporating a cap is not appropriate public policy and address the implications for future customer rate impacts due to a lack of a cap.

RESPONSE:

- 1-23. In Docket No. 17-00138, Piedmont indicated during the Hearing on the merits that it “is not averse to the idea of discussing possible refinements to its IMR mechanism”² Provide, and include an analysis, of the adjustments and/or modifications Piedmont believes should be considered in this Docket. Along with each item, indicate whether the adjustment or modification will result in an increase or decrease to the revenue requirement, and provide an estimate of the magnitude of the increase/decrease.

RESPONSE:

RESPECTFULLY SUBMITTED,



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² *Id.* at 18-19.

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 16th day of May, 2019.



DANIEL P. WHITAKER III