

IN THE TENNESSEE PUBLIC UTILITY COMMISSION

AT NASHVILLE, TENNESSEE

IN RE:

PETITION OF PIEDMONT NATURAL	)	
GAS, INC. FOR APPROVAL OF AN	)	DOCKET NO. 19-00107
INTEGRITY MANAGEMENT RIDER	)	
TO ITS APPROVED RATE SCHEDULES	)	
AND SERVICE REGULATIONS	)	

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

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To: Piedmont Natural Gas Company, Inc.

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This Second Discovery Request is hereby served upon Piedmont Natural Gas Company, Inc. ("Piedmont" or "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, 301

6<sup>th</sup> Avenue North, Nashville, Tennessee 37243, c/o Daniel P. Whitaker, III, on or before 2:00 p.m. (CDT), February 18, 2019.

These Additional Discovery Requests incorporate the same Preliminary Matters and Definitions as set forth in the *Consumer Advocate's First Discovery Request to Piedmont Natural Gas Company* sent to the Company on January 10, 2020, and are to be considered continuing in nature, and are to be supplemented from time to time as information is received by the Company which would make a prior response inaccurate, incomplete, or incorrect.

### **FIRST DISCOVERY REQUESTS**

- 2-1. Refer to the Company's response to CA1-3, CA1-4, and CA1-5 regarding the allocation factor calculation for joint plant for 2017, 2018 and 2019. It appears that Piedmont went from an allocation factor of 17.16% in October 2016 to a 16.50% allocation factor in November 2016 and then to a 16.30% allocation factor in January 2017. Thereafter, Piedmont appears to have implemented a new allocation factor at the first of each year (January 2018 and 2019) based upon net plant at December 31<sup>st</sup>.

Next, refer to the footnote at the bottom of Attachment 1 to CA1-3 where the Company states that "The Net Plant Allocation factor is updated annually in January using actual plant balances as of the prior December.

Finally, refer to the Company's response to CA1-18 in Docket No. 15-00116 regarding the calculation of allocation factors. In this response, the Company states in part "The net plant ratio is calculated using information at the end of the previous fiscal year, October 31, and is utilized for allocations in the next fiscal year beginning November 1".

Provide a copy of the Company's notice to the Commission as well as Commission authority for the Company to change the time period for the allocation factor calculation from net plant at October 31<sup>st</sup> to December 31<sup>st</sup>.

### **RESPONSE:**

- 2-2. Refer to the Company's response to CA1-3, CA1-4, and CA1-5 regarding the allocation factor calculation for joint plant for 2017, 2018 and 2019. Provide a copy of the Company's ledger supporting the account balances (for North Carolina, South Carolina, and Tennessee) for gross plant in service, accumulated depreciation, construction work in progress, retainage, and contributions in aid of construction at December 31, 2016, 2017 and 2018.

### **RESPONSE:**

- 2-3. Provide the source and support for the Tennessee allocation factor for joint property of 16.50% that was applied to joint property for November and December 2016.

**RESPONSE:**

- 2-4. Refer to the Company's response to CA1-3, CA1-4, and CA1-5 regarding the allocation factor calculation for joint plant for 2017, 2018 and 2019. Specifically, note that the allocation factor calculation contains a component for contributions in aid of construction (CIAOC) for 2017, 2018, and 2019. However, the allocation factor calculations prior to 2017 omitted this CIAOC component. Provide a copy of the Company's notice to the Commission as well as Commission authority for the Company to change the allocation factor calculation to include a CIAOC component for allocations of joint property made after January 1, 2017.

**RESPONSE:**

- 2-5. Refer to the Company's response to CA1-7 regarding the Company's ledger supporting the monthly IMR plant additions recorded from November 2016 through October 2019. The Company's reply to CA1-7 appears to be non-responsive in that it did not provide a copy of the monthly ledger balance. Therefore, provide a copy of the Company's ledger confirming the monthly IMR plant additions - by month - recorded from November 2016 through October 2019. The Company's response to this item should be in the same format as CA1-5 in Docket No. 16-00140.

**RESPONSE:**

- 2-6. Refer to the Company's response to CA1-10 regarding the Company's ledger support for the amounts posted on the "Annual Rpt-Jrnl Entries-Sch1" tab of the "2019 TN IMR Annual Report – Revised" spreadsheet that was included with the Company's filing. Provide an actual copy of the Company's monthly ledger from November 2016 through October 2019 to confirm the amounts posted.

**RESPONSE:**

- 2-7. Refer to the monthly usage reports (301C) provided in the Company's response to CA1-11. Explain the following components of the 301C report.
- a. The first line of the report that contains transactions and revenues but no therm usage. For example, the first line of the November 2016 301C Report contains 79 transactions and \$1,917.43 in revenue but no therm usage. Identify and explain the tariff/rate that this line refers to.
  - b. Identify and explain the tariff/rate associated with Rate 328 for 115,332 therms on the January 2018 301C Report. This rate code is not included on the Rate Key within the report.

- c. Identify and explain the tariff/rate associated with Rate 360 for 100,000 therms on the February 2016 301C Report. This rate code is not included on the Rate Key within the report.
- d. Identify and explain the tariff/rate associated with Rate 362 for 24,872 therms on the February 2016 301C Report. This rate code is not included on the Rate Key within the report.
- e. Identify and explain the tariff/rate associated with Rate 365 for 134,483 therms on the February 2016 301C Report. This rate code is not included on the Rate Key within the report.
- f. The July 2019 301C Report that totals to 13,434,219 therms is captioned as "June 2019". Confirm that the July 2019 301C Report actually contains usage data for July 2019.

**RESPONSE:**

- 2-8. Refer to the monthly usage reports (301C) provided in the Company's response to CA1-11. The intent of CA1-11 was to capture the supporting detail for the monthly usage included in the IMR calculation on Schedule 4 of the monthly and annual IMR filing. However, the 301C Reports do not seem to provide all of the supporting detail included on Schedule 4 of the IMR Report. Specifically, the detail usage for tariff rate 343 included on the IMR Report is not included on the 301C Report. Therefore, provide the source and support for the tariff rate 343 monthly usage included in Rate Schedules 352, 303 and 313 from November 2016 through October 2019 in Excel format.

**RESPONSE:**

- 2-9. Refer to the monthly usage reports (301C) provided in the Company's response to CA1-11. It appears that the Company excludes the usage from tariff rates 328, 360, 362, 365 and 373 from the IMR surcharge. Explain the rationale for excluding the IMR surcharge from each of these tariff rates along with a copy of Commission authority for this exclusion.

**RESPONSE:**

- 2-10. Confirm that it is the intent of Piedmont to reflect that portion of excess unamortized Protected ADIT associated with IMR investment as an offset to Rate Base.
  - a. If this is not confirmed, provide the rationale for increasing IMR Rate Base resulting from ignoring the portion of unamortized excess Protected ADIT associated with IMR investment that has yet to be returned to ratepayers.
  - b. If the answer above is yes, confirm that such continuation of the offset to IMR Rate Base associated with the balance of Protected Excess ADIT is accomplished within the calculations found in the various vintage tabs in rows 153-157.

**RESPONSE:**

RESPECTFULLY SUBMITTED,



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**DANIEL P. WHITAKER III**

B.P.R. No. 035410

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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 10<sup>th</sup> day of February, 2020.



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DANIEL P. WHITAKER III  
Assistant Attorney General