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July 2, 2020

Via Email and U.S. Mail

Executive Director Earl Taylor
c/o Ectory Lawless
Tennessee Public Utility Commission
502 Deaderick Street, Fourth Floor
Nashville, Tennessee 37243

Re: Piedmont Natural Gas Company, Inc. Petition for an Adjustment of Rates, Charges, and Tariffs Applicable to Service in Tennessee; Docket No.: 20- 00086

Dear Mr. Taylor:

Enclosed please find for filing the original and four copies of the following documents:

1. Petition;
2. Direct testimony and exhibits of:
 - a. Sasha Weintraub
 - b. John Sullivan
 - c. Brian Weisker
 - d. Pia Powers
 - e. Kally Couzens
 - f. Quynh Bowman
 - g. Dylan D'Ascendis
 - h. Dane Watson
 - i. Paul Normand (Cash Working Capital)
 - j. Paul Normand (Cost of Service)
3. Redline of Revised Tariff included as Exhibit_(PKP-2) to the testimony of Pia K. Powers;
4. Minimum Filing Guidelines (some of which are being filed under seal); and
5. Proposed Procedural Schedule.

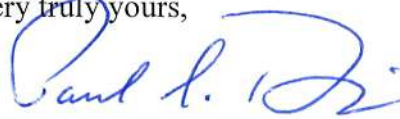
This material is also being filed today by way of email to the Tennessee Public Utility Commission docket manager, Ectory Lawless. Please file the original and provide a "filed" stamped copy of the same via our office courier.

A courtesy copy of this filing is being provided to the Consumer Advocate and Protection Division of the Office of the Attorney General and Reporter. Please be advised that Piedmont has

reached out to the Consumer Advocate's representatives and is working collaboratively with them on a proposed Protective Order for this proceeding which we hope to file with the Commission shortly.

Please do not hesitate to call me if you have any questions.

Very truly yours,



Paul S. Davidson

PSD:cdg
Enclosures

cc: David Foster
Michelle Mairs
Vance Broemel
Daniel Whitaker
Bruce Barkley
Pia Powers
James Jeffries
Melinda McGrath

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:)	
)	
PIEDMONT NATURAL GAS COMPANY,)	
INC. PETITION FOR AN ADJUSTMENT)	
OF RATES, CHARGES, AND TARIFFS)	Docket No. 20- 00086
APPLICABLE TO SERVICE IN)	
TENNESSEE)	
)	

**PIEDMONT NATURAL GAS COMPANY, INC. PETITION FOR AN ADJUSTMENT
OF RATES, CHARGES, AND TARIFFS APPLICABLE TO SERVICE IN
TENNESSEE**

Piedmont Natural Gas Company, Inc. (“Piedmont” or “the Company”), through counsel, respectfully petitions the Tennessee Public Utility Commission (“TPUC” or “Commission”) as follows:

INTRODUCTION

1. By this Petition, and the supporting testimony and exhibits filed herewith, Piedmont seeks approval to adjust its rates and tariffs pursuant to Tennessee Code Annotated § 65-5-103(a) as described herein.

2. In addition to revisions to its rates and tariffs, Piedmont also requests that the Commission adopt such rate making methodologies with respect to its revised rates and tariffs in this docket as will allow Piedmont to seek implementation of an Annual Review Mechanism (“ARM”) pursuant to T.C.A. 65-5-103(d)(6) on the basis of this case.

3. And while Piedmont is not seeking approval of an ARM in this proceeding, it hereby provides notice to the Commission of its current intention to seek such approval in a forthcoming filing, at an appropriate time, based upon the results of this docket.

I. NOTICES AND OTHER COMMUNICATIONS

The names and addresses of the persons to whom any notices or other communications with respect to this Petition are to be sent are as follows:

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and

Brian S. Heslin
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Duke Energy Corporation
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Charlotte, NC 28202
Telephone: 980-373-0550
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II. DESCRIPTION OF APPLICANT

Piedmont is a subsidiary of Duke Energy Corporation and is engaged in the business of transporting, distributing and selling natural gas in the states of Tennessee, North Carolina, and South Carolina. Piedmont is a public utility under the laws of this State, and its public utility operations in Tennessee are subject to regulation and supervision by the Commission pursuant to Chapter 4 of Title 65 of the Tennessee Code Annotated. Piedmont provides natural gas service to approximately 191,000 residential, commercial and industrial customers in Tennessee.

III. GENERAL RATE CASE

1. The Company's current rates were established more than eight years ago by the Tennessee Regulatory Authority ("TRA") in Docket No. 11-00144. That case was filed on September 2, 2011. The TRA, now Commission, ultimately approved a settlement in the case, and new rates became effective for bills rendered on or after March 1, 2012. Pursuant to Tennessee Code Annotated § 65-5-103, Piedmont respectfully requests that the Commission approve each of the following proposals described further herein and supported by the testimony of Company witnesses filed concurrent herewith: (i) a general increase in and revisions to the rates and charges for customers served by the Company; (ii) revisions to Piedmont's Rate Schedules, Service Schedules and Service Regulations; (iii) revised depreciation rates; and (iv) amortization of certain deferred regulatory assets.

The relief requested herein, among other things, is designed to update the Company's rates, charges, and tariffs in conformance with the Company's additional investment of capital to expand its natural gas system to both better serve its expanding customer base and to comply with federal pipeline safety and integrity requirements, and to adjust for changes to the Company's capital structure and operating expenses. The revised rates Piedmont proposes to implement in this proceeding are set forth on Exhibit_(KAC-4) to the direct testimony of Piedmont Witness Kally Couzens.

2. Piedmont seeks approval of an increase in revenues above those that otherwise would have been recognized in the Attrition Period ending December 31, 2021 of approximately \$29.9 million.

3. The requested rate increase will provide a projected rate of return on rate base of 7.10% on a projected total rate base of \$917,781,492, and a projected rate of return on common

equity of 10.30%.

4. The Company's rate design proposal to effectuate the \$29.9 million Attrition Period increase follows the recommendation of Piedmont witness Paul Norman and as detailed in his testimony and exhibits and in the testimony and exhibits of Piedmont witness Kally Couzens. The Company's proposal is to amend the rates per therm applicable to each Rate Schedule and to amend the fixed monthly charge for Rate Schedule 352, Medium General Service. Virtually all of a natural gas local distribution company's cost of service (other than the cost of gas, which is recovered through the purchased gas adjustment and not in base distribution rates) is fixed, as opposed to variable. Nevertheless, the Company is not proposing in this rate case to materially shift the overall recovery of its cost of service from variable rates to fixed charges.

5. As shown in Exhibit_(QPB-7) to the direct testimony of Quynh Bowman, filed concurrent with this Petition, the Company's *pro forma* overall rate of return as of March 31, 2020 is 4.67% and its *pro forma* earned rate of return on common equity as of that time is only 5.48%. This *pro forma* level of return will not permit the Company to compete for debt and equity capital on reasonable terms, and, therefore, will not enable the Company to continue to invest in new plant, add new customers and provide adequate, safe, and reliable service to existing customers. In order for Piedmont to maintain its facilities and provide services in accordance with the reasonable requirements of its customers and the requirements of the Commission, attract capital on terms which are reasonable, attract and maintain investors, and produce a reasonable rate of return for its stockholders, the Company must be granted a general increase in its rates. Although Piedmont operates very efficiently, it is not achieving a fair return on its investments with the rates currently in effect.

6. If the Company is to maintain its facilities and services in accordance with the reasonable requirements of its customers and the requirements of the Pipeline and Hazardous Material Safety Administration (“PHMSA”), compete for capital on terms that are reasonable and fair to customers and to investors, and produce a fair return for stockholders, it must be granted general rate relief. These and other reasons supporting Piedmont’s request for general rate relief are explained in the concurrently filed testimonies and exhibits of Piedmont witnesses Weintraub, Sullivan, Weisker, Powers, D’Ascendis, Watson, Normand, Couzens, and Bowman.

IV. ESTABLISHMENT OF RATEMAKING METHODOLOGIES NECESSARY TO SUPPORT ADOPTION OF AN ANNUAL REVIEW MECHANISM

Section III of this Petition initiates a general rate case, and Piedmont specifically requests that in the course of the general rate case that the Commission adopt and approve ratemaking methodologies sufficient to enable implementation of an ARM pursuant to Tennessee Code Annotated Section 65-5-103(d)(6) upon subsequent application by Piedmont for adoption of such an Annual Review Mechanism.

V. ADDITIONS TO NATURAL GAS FACILITIES FOR EXPANSION AND IN COMPLIANCE WITH FEDERAL PIPELINE SAFETY AND INTEGRITY REQUIREMENTS

In order to make natural gas service available to as many citizens within its service area as feasible, since its last rate case, Piedmont has been adding customers and making capital investments in various system growth projects. In addition to capital investments prompted by system growth, Piedmont has also made substantial capital investments (and is continuing to make such investments) in projects designed to enable the Company to comply with federal pipeline safety and integrity management requirements. The capital investments in integrity management related projects have been included in the operation of Piedmont’s IMR mechanism. While Piedmont has been allowed to begin recovering the costs and earning a return

on much of its capital investment for integrity related projects under the IMR mechanism, neither its integrity-related capital investments nor its capital expended for system growth infrastructure investments are currently reflected in Piedmont's base rates. This rate case filing seeks to include all such capital invested since Piedmont's last general rate case filing into its base rates.

VI. AMORTIZATION AND COLLECTION OF UNAMORTIZED REGULATORY ASSET BALANCES

Piedmont seeks amortization and collection of certain expenses that have been deferred pursuant to prior Commission order. These costs, proposed amortizations and recovery are discussed in the testimony of Piedmont witness Quynh Bowman.

VII. IMPLEMENTATION OF NEW DEPRECIATION RATES

Piedmont seeks to implement new depreciation rates to amortize the costs of assets, net of salvage value, over the estimated useful life of the assets based on a new depreciation study submitted herewith and attached to the testimony of Piedmont witness Dane Watson. In tandem with the implementation of new depreciation rates, Piedmont seeks approval to implement vintage amortization for certain accounts of general plant, as recommended by Piedmont witness Watson. Implementation of these recommendations from the new depreciation study will permit Piedmont to more properly align the Company's recovery of its invested capital with the useful life of its underlying physical plant.

VIII. CHANGES IN RATE SCHEDULES, SERVICE SCHEDULES AND SERVICE REGULATIONS

Piedmont's proposed rate changes are discussed in the testimonies of Piedmont witnesses Paul Normand and Kally Couzens. Piedmont also proposes to make changes to its Rate Schedules, Service Schedules and Service Regulations, designed to clean-up administrative inconsistencies in these tariffs, to conform them to practices utilized by the Company across its

multiple jurisdictions, and to eliminate certain provisions which no longer accurately reflect the manner in which Piedmont conducts its operations. Piedmont does not believe that any of its proposed tariff changes will materially impact the nature and quality of service provided to its Tennessee customers. These proposed changes to Piedmont's Rate Schedules, Service Schedules and Service Regulations are discussed in the testimony of Piedmont witness Pia Powers.

IX. EFFECTIVE DATE OF GENERAL RATE INCREASE

The Company proposes to make the rates set forth in Exhibit_(KAC-4) to the direct testimony of Piedmont witness Kally Couzens effective, following suspension and a hearing on the merits, on and after January 1, 2021, and respectfully requests that the Commission establish a procedural schedule in this matter designed to effectuate such result.

X. EXHIBITS AND SCHEDULES

Pursuant to the provisions of Section 65-5-103 of the Tennessee Code Annotated and the Commission's rate case Minimum Filing Requirements, the Company is filing with this Petition: (1) the information and data required by the Commission's rate case Minimum Filing Requirements; (2) Piedmont's proposed revised Rate Schedules, Service Schedule and Service Regulations as shown in Exhibit_(PKP-1) and Exhibit_(PKP-2) to the testimony of Pia Powers; and (3) the direct testimony and exhibits that will be relied upon by Piedmont at the hearing of this Docket. Information relative to Piedmont's filing and responsive to the requirements of Tennessee's Minimum Filing Requirements is provided and/or discussed as follows:

<u>Schedule 1.</u>	Schedule of Piedmont's present rates now on file with and approved by the Commission. See Exhibit_(KAC-3).
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<u>Schedule 2.</u>	Schedule of Petitioner's proposed rates which Piedmont seeks to place into effect no later than January 1, 2021. See Exhibit_(KAC-4).
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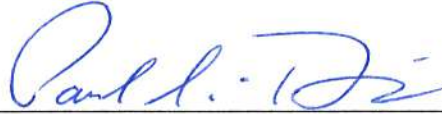
Schedule 3. A statement of gross revenues received, operating expenses and net operating income for return on investment for the twelve months ended March 31, 2020, as the same appear on Piedmont's books, together with (1) accounting and pro forma adjustments, (2) rates of return on original cost rate base, and (3) return on common equity. See Exhibit_(QPB-7).

WHEREFORE, the Company respectfully requests that the Commission:

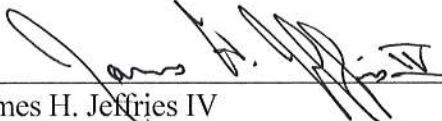
1. Issue notice and a hearing be set regarding the Petition;
2. Find that the Company's existing rates are inadequate and that the rates proposed by the Company are fair, just and reasonable and in the public interest;
3. Approve Piedmont's revised Rate Schedules, Service Schedules and Service Regulations;
4. Approve the proposed depreciation rates, changes in expenses, revenues, rate base, cost allocation and rate design requested herein;
5. Authorize the Company to amortize and permit recovery by Piedmont (or a return to customers) of certain deferred pension and environmental cleanup costs;
6. Adopt and approve ratemaking methodologies sufficient to enable implementation of an ARM pursuant to Tennessee Code Annotated Section 65-5-103(d)(6) upon subsequent application by Piedmont for adoption of such a mechanism;
7. Grant Piedmont such other and/or further relief as may be warranted.

This the 2nd of July, 2020.

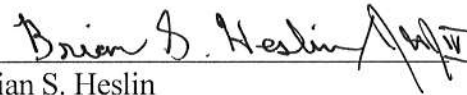
PIEDMONT NATURAL GAS COMPANY, INC.



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STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

VERIFICATION

Bruce Barkley, being duly sworn, deposes and says that he is Vice President – Rates and Natural Gas Supply of Piedmont Natural Gas Company, Inc., that as such, he has read the foregoing and knows the contents thereof; and he believes that the facts set forth therein are true and correct.

Bruce Barkley
Bruce Barkley

Mecklenburg County, North Carolina
Signed and sworn to before me this day by Bruce Barkley

Date: 06/29/20

[Signature]
Notary Public

(Official Seal)

My commission expires: 03/12/2022

