

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

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

CONSUMER ADVOCATE'S SECOND ~~(INFORMAL)~~ DISCOVERY
REQUEST TO PIEDMONT GAS COMPANY

This Second Discovery Request is hereby served upon Piedmont 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 in the Financial Division of the Office of the Attorney General ("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, Financial Division, Consumer Advocate Unit, War Memorial Building, 301 6th Avenue North, Nashville, Tennessee 37243, c/o Daniel P. Whitaker, III, by October 12, 2020, at 2:00 PM CDT.

PRELIMINARY MATTERS AND DEFINITIONS

These Second Discovery Requests incorporate by reference the same Preliminary Matters and Definitions as set forth in the *Consumer Advocate's First Discovery Request to Piedmont Gas Company*, issued by the Consumer Advocate to the Company on August 17, 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.

SECOND-~~INFORMAL~~ DISCOVERY REQUESTS

- 2-1. Identify and provide support for the Piedmont-Tennessee portion of the Repair Deduction for 2019.

RESPONSE:

- 2-2. Regarding the response to Consumer Advocate Request No. 1-77, provide the Piedmont-Tennessee for each of the metrics listed within this response.

RESPONSE:

- 2-3. Within the Company's response to Consumer Advocate Request No. 1-57, the last sentence within the response indicates that Transactions between DEC/DEP/Piedmont and its Affiliates/Nonpublic Utility operations will be reviewed at a minimum annually by Corporate Audit Services. Provide the documentation arising from such reviews which are in any way related to Piedmont's transactions with affiliates and non-public operations covering the period January 1, 2017, through the present.

RESPONSE:

- 2-4. The manual provided in response Consumer Advocate Request No. 1-57 contains references throughout it to requirements established by the North Carolina Utilities Commission. Confirm that it is Piedmont's intent to comply with the provisions in the manual as it relates to affiliate transactions and cost allocations and the resulting charges reflected on Piedmont-Tennessee's books.

RESPONSE:

- 2-5. Refer to the response to Consumer Advocate Request 1-57, Attachment 3. Identify the entities represented by the codes 47136, 47150, 47151, 47156, 47157, and 47158.

RESPONSE:

- 2-6. Refer to the Summary tab within Schedule 5B_DefPension Amortization file. Provide a copy of the June 9, 1997 order referenced in footnote (b).

RESPONSE:

- 2-7. Refer to Workpaper 5B DefENV Adj. Provide the following:
- a. The minimum pension funding necessary to meet ERISA requirements for the years 2012 through 2019;
 - b. The minimum pension funding necessary to avoid PBGC insurance premiums for the years 2012 – 2019; and
 - c. Documentation supporting the minimum funding amounts provided in a) and b) above.

RESPONSE:

- 2-8. The response to Consumer Advocate Request 1-69 indicates that the 2020 pension expense (GAAP basis) was (\$5,603,424). Provide all journal entries associated with the recording of Pension Expense and other pension related journal entries recorded in 2020 along with a brief explanation associated with each entry.

RESPONSE:

- 2-9. Refer to the Working Capital_Adj file and specifically tab F, supporting the Pension and OPEB deferred debit component of Rate Base. Provide a comprehensive definition for each category of costs contained in columns C through R, omitting descriptions for any items with an annual total of less than \$ 2 million. The descriptions should include an explanation of the types of transactions contained within the individual category.

RESPONSE:

2-10. Refer to the worksheet found in the D and F tabs within the Working Capital_adj file, the summary Tab within file 5B_DefPension Amort Adj as well as the confidential attachment MFR 37. Confirm that Company contributions to the pension fund reflected in balances in tab D of the Working Capital file would tend to increase the Fair Value of Assets reflected on pdf page 15 of the actuarial reports supplied in MFR 37. If this is confirmed, provide an explanation for why such asset balances should be reflected in both the Deferred Debits and Pension and OPEB portions of the Company's proposed Working Capital balances? If this is not confirmed, provided a comprehensive explanation describing how pension contributions do not contribute to the Fair Value of Assets balances contained in the Company's actuarial studies provided in MFR 37.

RESPONSE:

2-11. Refer to MFR 37 as well as the response to Consumer Advocate Response to 1-118. Confirm that the certain union employees continue to accrue benefits under the defined pension plan. If so, provide the Piedmont-Tennessee equivalent number of employees who were eligible under the plan prior to the date in which benefits were frozen and provide the equivalent number of Piedmont Tennessee employees who continued to accrue benefits at December 31, 2020. For purposes of defining employee equivalents within this response corporate Piedmont employees whose costs are allocated to Piedmont Tennessee operations should be determined by applying the overall allocator to Piedmont-Tennessee in effect at December 31, 2017.

RESPONSE:

2-12. Refer to tab F within the Working Capital_Adj file. Provide a comprehensive explanation of the transaction(s) giving rise to Pension Settlement Charges beginning in June 2019 and reflected in account 186806.

RESPONSE:

2-13. Refer to the Summary and Attrition tabs within Schedule 5B and specifically line 5. Confirm that the Company is continuing to record Regulatory Amortization Expense on its books of \$223,862 in April 2020 as well as subsequent months.

RESPONSE:

2-14. Refer to the PNG Bal Sheet March 2020 tab within MFR 11. Provide the monthly balance sheet in the March 2020 Balance Sheet format for the period January 2019 through July 2020.

RESPONSE:

2-15. Regarding the response to Consumer Advocate Request 1-67, provide the following:

- a. Reconcile the December 2019 Inventory, Pension and PPE balances contained in the response with the DEBS December 2019 Balance Sheet information provided in Consumer Advocate Response 1-2, by account.
- b. Provide the underlying calculation for the 8.65% revenue requirement factor.
- c. Provide the support and underlying calculation for the Facilities Allocation Rate of 5.63%.

RESPONSE:

2-16. [REDACTED]

- a. [REDACTED]
- b. [REDACTED]

c.

d.

RESPONSE:

2-17. Regarding the Cash Working Capital Study, provide a comprehensive discussion of the process by which billing information obtained through the electronic metering process is then translated to bills issued to customers and separately recording revenue. This discussion should contain a description of distinctions (if any) between the timing of issuing bills and recording sales/accounts receivable.

RESPONSE:

2-18. Regarding the PNG Balance Sheet March 2020 provided in MFR 11 and specifically account 0228280 "Schm Environmental" provide the following information:

- A. Confirm such balance has not been incorporated into the Company's Rate Base request. If this cannot be confirmed, refer to where this item has been reflected in Rate Base.
- B. Provide a comprehensive explanation of the nature of the liability and how the liability was determined.
- C. If this item is not reflected in Rate Base, provide a comprehensive explanation supporting its exclusion.
- D. Identify the month(s), amounts and account(s) in which this accrual was recorded to expense.

RESPONSE:

2-19. Regarding the Cash Working Capital Study, PMN-3-CWC, page 7 of 271 provide the documentation supporting the billing lag days for Billing Cycle 14 for the months of May, August, and December.

RESPONSE:

- 2-20. Provide a comprehensive discussion of the timing and process followed in the receipt of customer payments and the subsequent recording made to Accounts Receivable. If such process differs by payment method, identify the distinctions in the process used in the handling and subsequent recordings of payments received.

RESPONSE:

- 2-21. Re: Exhibit PMN-3 - CWC, provide the following:

- A. Regarding the payment to Tenaska found on page 28/271, provide documentation of the payment date associated with the expense months of January and December.
- B. See PMN-3, page 222; provide a copy of ARI Invoice MF2KVN.
- C. Regarding the request to gross-up the revenue requirement for pro-forma impacts of the Gross Receipts Tax, contrasted with reflecting the prepayment of gross-receipts tax and the Company's position embedded within the calculation on PMN-3, page 239 that the payment is for the forward filing period of 7/1/19 – 6/30/20, confirm that the gross receipts tax associated with the first twelve-month impact of this rate change will relate to the filing period July 1, 2022 through June 30, 2023. Please explain the rationale for the inclusion of the Gross Receipts Tax gross-up for an item in which relates to a forward period for which the Company is claiming a significant expense lag.
- D. Regarding page 223 of 271, provide documentation supporting the service periods and check date and the date funds cleared Piedmont accounts associated with Decembers' Bank of America payment of \$1,921,166.

RESPONSE:

- 2-22. Regarding PMN-3-CWC, page 231 of 271, provide comprehensive explanations for the nature of services provided by PWC Holdings No 21 LLC represented in two lines of this schedule, one in the amount of \$42,246 and the other in the amount of \$44,399. Provide a copy of any work product provided by PWC as well as the invoice covering such services.

RESPONSE:

- 2-23. Refer to the attached spreadsheet. Please reconcile the composite allocation factor data within the worksheet, taken from the March 2020 form 3.03, with that included within various schedules of the filing. Alex File

RESPONSE:

2-24. Provide a copy of all agreements currently in effect between Piedmont Natural Gas (or any affiliate of Piedmont Natural Gas) and Home Serve and/or National Home Repair.

RESPONSE:

2-25. Provide a copy of a Piedmont Tennessee customer bill, who also participates in the Home Serve warranty program. Please redact all proprietary information including customer name, address, and account number.

RESPONSE:

2-26. Provide a copy of all internal accounting guidance on the appropriate accounting for the revenues and expenses associated with the Home Serve and/or National Home Repair Warranty Service.

RESPONSE:

2-27. Confirm whether Piedmont Tennessee customer information is provided to third parties relative to the HomeServe warranty program or similar program and if so, whether Piedmont has obtained the customers' permission to share such information.

RESPONSE:

2-28. If Piedmont Tennessee customer information is provided to a third party, identify the specific information shared with the third party(ies), as well as the identity of the party(ies) receiving customer information.

RESPONSE:

2-29. If Piedmont Tennessee obtains customer permission to share customer data with a warranty provider, identify and describe the method used to gain such permission.

RESPONSE:

2-30. Refer to the response to Consumer Advocate Request 1-61. It appears beginning in January 2020 the accounting for the HomeServe/warranty transactions have changed. Provide a comprehensive explanation identifying the nature of the changes occurring in accounting for these transactions.

RESPONSE:

2-31. Provide a copy of the actuarial studies applicable to Piedmont's Pension plan for the years 2017 and 2018.

RESPONSE:

2-32. Refer to file 5F_OtherBen Adj, the response to Consumer Advocate Requests 1-68 and 1-69. Regarding costs identified within the RSP tab of file 5F and supporting in the RSP details tab, provide the following: a) the extent to which these costs reflect cash payments along with the identification of the entity receiving the funding, b) Provide a complete definition for each cost type found within column R, "Journal Line Descr" with a total in excess of \$10,000.

RESPONSE:

2-33. Refer to the response to Consumer Advocate Request 1-68. The first sentence in this response indicates a subset of Piedmont employees participate in the Duke Energy Retirement Cash Balance Plan (RCBP). The response indicates employees hired before 1/1/08 have been transitioned to the RCBP plan. Provide a comprehensive explanation of the retirement benefits and associated costs for those employees not participating in the RCBP.

RESPONSE:

2-34. Regarding the response to Consumer Advocate 1-118 provide the following:

- A. Identify the Piedmont-Tennessee portion of the annual expense associated with the three-year employer transition credit contributions for the period 2018 – 2020.
- B. Confirm that the annual expense associated with Piedmont-Tennessee's portion of the employer transition credits terminated on 12/31/20. If this is not confirmed, indicate the annualized level of these costs occurring subsequent to 12/31/20 along with supporting documentation for such estimate.

RESPONSE:

2-35. Re: Bowman's testimony on page 13 and 14, respond to the following:

- a. Identify effective corporate state tax rates applicable to North Carolina operations effective January 1 for the years 2016 through 2020.
- b. Given the Company's position, upheld by the Commission, that a composite state tax rate should be used in setting rates in Tennessee, what is the rationale for the Company's retention of the Tennessee portion of the Company's Accumulated Deferred Income Tax (ADIT) balance which was no longer owing as a result of the North Carolina state income tax rate reduction?
- c. Provide a comprehensive explanation of the accounting entries made resulting from the change in the North Carolina state income tax rate change.
- d. Provide the Tennessee portion of the excess ADIT (using the Company's composite tax methodology) which resulted from the North Carolina state tax rate changes, applying the impact on Piedmont's composite tax rate applied to the Tennessee direct and allocated ADIT balances prior to the North Carolina tax rate changes. Provide the supporting calculations underlying this response.

RESPONSE:

2-36. Regarding the response to 1-36, confirm that the Excess Accumulated Deferred Income Taxes associated with DEBS assets whose Depreciation and Return are attributed to Tennessee operations were incorporated in the balances of Excess Accumulated Deferred Income Taxes (EADIT) referenced in Docket 18-00040 and specifically within the response to Consumer Advocate discovery request 1-19 provided by the Company. If this is confirmed, identify the amount of EADIT identified by the Company and contained

within information provided to the Commission and/or Consumer Advocate in Docket No.

18-00040. If this is not confirmed provide the following:

- A. Provide all book/tax timing differences by item associated with DEBS assets whose costs are then allocated to Tennessee as of the date of implementation of the Tax Cuts and Jobs Act (TCJA).
- B. For each book/tax timing difference provided in a) above, provide a definition of such difference.
- C. Provide the rationale for not including such excess ADIT impacts within the response to CA request 1-19 and specifically how DEBS assets were determined not to be 'corporate assets' as referenced within the request.

RESPONSE:

2-37. The total Unprotected EDIT amortization reflected on the EDIT Amort tab of QPB Exhibits_6-27-2020 totals \$5,802,018, which appears to be an after-tax amortization. Please reconcile this balance with the Commission ordered pre-tax amortization of \$7,857,319 per the Commission Order in Docket 18-00040.

RESPONSE:

2-38. Regarding the concept of risk embedded within the Company's return on equity calculation coupled with the Company's indication it will seek an Annual Review Mechanism, provide specific examples of situations that could arise which would result in the Company earning less than its authorized return.

RESPONSE:

2-39. Refer to File 5D_Payroll Adj. Provide all supporting documentation and workpapers supporting the \$58,559 reduction to test period payroll associated with lobbying referenced in the summary tab.

RESPONSE:

2-40. Regarding the response to Consumer Advocate Request 1-73, confirm that identification of the MAOP of Piedmonts' transmission line did not occur during Duke's due diligence

prior to the Piedmont acquisition. If such identification did not occur, explain why Duke did not believe this to be an item that was pertinent within its due diligence.

RESPONSE:

- 2-41. Provide a copy of all summaries prepared by Duke within its due diligence review prior to the Piedmont acquisition, which in any way discuss the condition of the Piedmont system, the level of Piedmont compliance with existing PHMSA requirements, or provides commentary or estimates of the future cost of PHMSA compliance.

RESPONSE:

- 2-42. Regarding statements made by Mr. Weisker's on page 7 of his testimony, he indicates the company is currently compliant with its obligations under PHMSA. Identify and explain any instances in the last ten years in which the Company was not in compliance with PHMSA obligations.

RESPONSE:

- 2-43. Regarding Mr. Weisker's testimony concerning the OASIS project, describe the impact (if any) of changing PHMSA requirements adopted subsequent to the initiation of the project on the final cost of the OASIS project.

RESPONSE:

- 2-44. Identify the month and year(s) in which the Company has performed smart-pig inspection of the Piedmont Tennessee Transmission line for the period January 2010 through July 31, 2020.

RESPONSE:

- 2-45. Provide the composite average cost of new service line installations for the year 2019 and separately for the six-month period ended June 30, 2020.

RESPONSE:

2-46. Provide a comprehensive explanation underlying the \$329 thousand allocated to Piedmont Tennessee operations in the test period associated with Injuries and Damages, summed from the information provided in MFR 43. This response should describe the nature of the incident(s) and how the Company arrived at the associated costs recorded to account 925000.

RESPONSE:

2-47. Refer to file 5G Rent Adj and provide the following information:

- A. Indicate whether the PTC Lease Expense is incurred through an affiliate of Piedmont. If not, who holds title to the building leased by Piedmont?
- B. Regarding the lease from Duke, provide a copy of the lease agreement underlying the \$6.1 Million in total charges to Piedmont (3 state) during the test period.
- C. Provide all available information documenting the annual lease costs were determined based upon the actual cost of Duke. Provide all underlying calculations supporting compliance of this affiliate transaction with rules regarding such transaction adopted by the TPUC.
- D. Based upon the period data provide for the Duke lease in 2019 versus the quarterly cost information provided in the first quarter of 2020 it appears there was a significant cost increase in the first period of 2020 relative to the 3 quarters in 2019. Provide a comprehensive explanation of the reason for the cost increase and provide all supporting documentation underlying such increase.

RESPONSE:

2-48. Refer to the allocation codes identified below and contained in the response to Consumer Advocate request 1-57, Attachment 3, column H. Provide the underlying support for the development of these ratios in 2019 and 2020 identifying how such ratios applicable to Piedmont (3 state) and Piedmont Tennessee were developed.

- a. DENT3FFDEP
- b. DGOV3FFACT
- c. DENT3FFITM

RESPONSE:

2-49. Identify each environmental site in which costs have been incurred by Piedmont-Tennessee and provide any reports which detail the status of the site. If no such reports are available, provide a summary of the status of the cleanup and identify the likelihood of the need for future expenditures at each location.

RESPONSE:

2-50. The response to Consumer Advocate Request 1-87 (a) indicates the Company has not identified any legacy insurance policies that would provide for cost reimbursement. The question however is whether the Company has investigated the extent to which legacy insurance policies were in place that may cover such environmental costs. Provide any available evidence that the Company has investigated the applicability of legacy insurance policies covering environmental claims.

RESPONSE:

2-51. Regarding the EDIT Amortization tab within the QPB Exhibits_6-27-20, provide the support for the amortization rate of 12.01% as applied to the 3-State Joint Property excess ADIT balance as of December 31, 2017.

RESPONSE:

2-52. Regarding MFR 48 provide the following information:

- A. Provide a copy of a worksheet cell references with formulas intact.
- B. It appears total Deductible State Tax is additive to pre-tax book income to arrive at Financial Taxable Income. Provide an explanation supporting the addition of Deductible State Tax in Arriving at Financial Taxable Income.
- C. Provide the underlying supporting calculation for the Deductible State Tax amount of \$886,417.
- D. Provide the underlying calculation and supporting information for the balance of the Total deferred Tax Provision of \$15,888,105.

RESPONSE:

2-53. Regarding MFR 48 provide a definition for the following items and why such items factor into Income Tax Expense calculated for Piedmont-TN: (Amounts listed are Tennessee Allocated Operations)

- A. AT_OTH_190_NC_Federal NOL” 190155_Other NC Federal NOLs (14,292,410)
- B. AT_OTH_190_NC_R&D Credit: Other Noncurrent after-Tax DTA for R&D Credit: 608,234
- C. AT_OTH_283_NC: Other Non-Current After-Tax DTL: 485,097
- D. Carryback: Amended Return Rate Differential: (45,400)
- E. CR6765 R&D Credit: (447,986)

RESPONSE:

2-54. Refer to MFR 48 Attachment. Provide a comprehensive explanation and analytical support for the Rate Refunds (T20A41) in the Piedmont Tennessee amount of \$3,095,060.

RESPONSE:

2-55. [REDACTED]

[REDACTED]

[REDACTED]

RESPONSE:

2-56. [REDACTED]

[REDACTED]:

- a. [REDACTED]
- b. [REDACTED]
- c. [REDACTED]

RESPONSE:

2-57.

[REDACTED]

[REDACTED]

[REDACTED]:

- a. [REDACTED]
- b. [REDACTED]
- c. [REDACTED]
- d. [REDACTED]
- e. [REDACTED]
- f. [REDACTED]

RESPONSE:

2-58. Refer to the response to Consumer Advocate Request 1-99. Regarding the following deferred tax timing differences supporting the balance of the deferred tax liability provide the justification for inclusion of the following items in Rate Base:

- a. Tax Interest Capitalized – in addition, provide a definition for this item.
- b. Impairment of Plant Assets
- c. NC-Bonus Depreciation Adj
- d. NJ-Bonus Depreciation Adj.
- e. SC-Bonus Depreciation Adj.
- f. Pre-Existing Deferreds Gross-up-State
- g. Pre-existing Deferreds Gross-up-Fed
- h. Deferred fuel Asset-LT

RESPONSE:

2-59. Regarding the testimony of Ms. Powers on pages 5 and 6, indicate whether Piedmonts ratepayers in North Carolina and South Carolina fund GTI and if so indicate the docket number(s) in which such funding was approved.

RESPONSE:

2-60. Please refer to the attached file titled “Discovery Request 2-60” representing a sample of four transactions copied from the file “5K_Other AG”. Provide all supporting accounting

and contractual information as well as invoice support for the entries contained in the attachment.

RESPONSE:

- 2-61. Refer to the attached spreadsheet titled “Discovery Request 2-61”. Please reconcile the composite allocation factor data within the worksheet, taken from the March 2020 Form 3.03 report, with that included within the supporting workpapers referenced within the worksheet.

RESPONSE:

- 2-62. Refer to the Company’s response to CA1-1 regarding the Chart of Accounts along with the Financial Statements from 2011 through 2020. An examination of the attached Financial Statements reveals that the account numbers were changed beginning in January 2018. For example, the 2017 financial statements show Industrial Gas Sales charged to account 48120 while the 2018 financial statements show this category charged to account 0481000. Provide an account number mapping from the Pre-2018 Chart of Accounts to the one used by Piedmont today.

RESPONSE:

- 2-63. Refer to Rate Schedules 307 and 313 included in the tariff attached to Company witness Powers’ testimony. Both of these Rate Schedules contain identical language regarding the weighting of pipeline throughput that reads as follows:

$$\begin{array}{rcl} \text{GULF COAST, Tenn 500 So LA Z1} & \times & .5 \\ + & & \\ \text{GULF COAST, TNN 800 So LA Z1} & \times & .5 \end{array}$$

In order to determine if the current pipeline weighting in the Company's tariff is still appropriate, provide the monthly throughput from each delivery pipeline from January 2016 through March 2020.

RESPONSE:

2-64. Refer to the "UPIS 3.31.2020" tab of the "QPB Exhibits_6-27-2020" spreadsheet included with the Company's filing that provides the basis for the test period plant in service of \$1,316,834,205 in Cell O77. Provide the monthly plant in service by subaccount segregated between Tennessee Direct Plant and Piedmont Allocated Plant in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-65. Refer to the "TN Direct" tab of the "QPB Exhibits_6-27-2020" spreadsheet included with the Company's filing that provides the basis for the attrition period plant in service of \$1,545,454,176 in Cell BY81. Provide the source and support for the monthly "projected net additions" segregated between Tennessee Direct Plant and Piedmont Allocated Plant and split between monthly plant additions and monthly plant retirements from April 2020 through December 2021.

RESPONSE:

2-66. Refer to the "TN Direct" tab of the "QPB Exhibits_6-27-2020" spreadsheet included with the Company's filing that provides the basis for the attrition period plant in service of \$1,545,454,176 in Cell BY81. Provide the source and support for the individual subaccounts included in the "Plant Balance Realignment" in January 2021 included in Column AJ of this spreadsheet.

REPSONSE:

2-67. Refer to the “TN Direct” tab of the “QPB Exhibits_6-27-2020” spreadsheet included with the Company’s filing that provides the basis for the attrition period plant in service of \$1,545,454,176 in Cell BY81. Specifically refer to Cell AJ54 of this spreadsheet which includes a “Plant Balance Realignment” of \$5,065,961 for compressed natural gas. Explain the Company’s rationale for including plant associated with compressed natural gas as a regulated asset in the rate base calculation.

RESPONSE:

2-68. Refer to the “Accum Dep 3.31.2020” tab of the “QPB Exhibits_6-27-2020” spreadsheet included with the Company’s filing that provides the basis for the test period accumulated depreciation of \$462,673,218 in Cell Q81. Provide the monthly accumulated depreciation by subaccount segregated between Tennessee Direct Plant and Piedmont Allocated Plant in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-69. Refer to the “Accum Dep 3.31.2020” tab of the “QPB Exhibits_6-27-2020” spreadsheet included with the Company’s filing that provides the basis for the test period accumulated depreciation of \$462,673,218 in Cell Q81. Provide a mapping of the accounts used on this tab with the ones used on the “Accum Dep 12.31.2021” tab.

RESPONSE:

2-70. Refer to the “Accum Dep 12.31.2021” tab of the “QPB Exhibits_6-27-2020” spreadsheet included with the Company’s filing that provides the basis for the attrition period accumulated depreciation of \$506,047,002 in Cell D59. Provide the source and support

for the subaccount balances segregated between Tennessee Direct Plant and Piedmont Allocated Plant and split between monthly accruals, retirements and adjustments from April 2020 through December 2021.

RESPONSE:

- 2-71. Refer to the “QPB Exhibits_6-27-2020” spreadsheet included with the Company’s filing. Provide a copy of this spreadsheet with all formulas and links intact.

RESPONSE:

- 2-72. Refer to the Company’s response to MFR 52 regarding budget capital additions for Tennessee Direct and Piedmont Allocated Plant. Provide the source and support for the plant additions from April 2020 through December 2021 that are included on this spreadsheet.

RESPONSE:

- 2-73. Refer to the “Tab G Net Additions” tab of the “6 Detail Plant in Service and Depr Exp” spreadsheet that computes the plant in service net additions for the attrition year. Specifically refer to Cell C1 of this spreadsheet that states “See MFR #52 for breakdown of additions and retirements by Utility Account.” Next refer to MFR #52 and note that retirements are not included in the calculation. Provide the source and support for the monthly budgeted retirements by subaccount for both Tennessee Direct Plant and Piedmont Allocated Plant from April 2020 through December 2021 that ties to Row 31 of the “Tab G Net Additions” tab of the “6 Detail Plant in Service and Depr Exp” spreadsheet.

RESPONSE:

- 2-74. Refer to the “Accum Dep 3.31.2020” tab of the “QPB Exhibits_6-27-2020” spreadsheet included with the Company’s filing that provides the basis for the test period accumulated

depreciation of \$462,673,218 in Cell O86. Specifically refer to Cells A88 to O91 of this spreadsheet that claim be “Restated to compare to Jan, Feb and March 2020 Balances” and provide a total accumulated depreciation balance of \$459,520,450 in Cell O91. Provide the following information related to these two amounts.

- a. Provide the source and support for the amounts in Cells A88 to O90.
- b. Explain why the amounts in Cells A88 to O90 are deducted from the total accumulated depreciation balance on Row 86 of this spreadsheet.

RESPONSE:

2-75. Refer to the “Tab H Proposed Depr Rates” tab of the “6 Detail Plant in Service and Depr Exp” spreadsheet included with the Company’s filing that provides the basis for the current and proposed depreciation rates and provide the following information.

- a. Confirm that this spreadsheet in fact wholly represents the entire depreciation study performed by Company witness Watson that is attached as Appendix A to his direct testimony. Specifically, we note that Appendix A contains additional footnotes that do not appear in this spreadsheet. In addition, we also note that the reconciling items in Cells A80 to D92 of this spreadsheet do not match Appendix A. Finally, we note that the detail for the reserve difference in Cells B97 to H103 do not appear in Appendix A.
- b. Refer to Cells B97 to H103 of this spreadsheet that calculate the amortization for the reserve difference of \$155,695. It appears that the Company has calculated and is proposing a monthly amortization \$12,975 which would fully amortize the reserve difference over a one-year period instead of the five-year period recommended in Footnote #10. Confirm the Company’s intention with respect to this calculation.
- c. Refer to Cells B97 to H103 of this spreadsheet that calculate the amortization for the reserve difference of \$155,695. Provide the source and support for the components of the reserve difference which are presented here as hard-coded numbers.
- d. Refer to Cells J12 to J65 of this spreadsheet which contain the Company’s proposed depreciation rates. Specifically, we note that while these depreciation rates are presented as a three-digit percentage (for example 2.89% for account 27800-M&R Equipment) they are in fact carried out to 15 digits in this spreadsheet and then transferred over as 15-digit numbers on the “Tab D TN Direct” tab of this spreadsheet and are then used to calculate attrition period depreciation expense. Confirm the Company’s intention with respect to its proposed depreciation rates by stating whether these are intended to be 3-digit or 15-digit percentages.

RESPONSE:

2-76. Refer to the “Tab D TN Direct” tab of the “6 Detail Plant in Service and Depr Exp” spreadsheet included with the Company’s filing that provides the basis for the current and proposed depreciation rates. In addition, refer to the “Depreciation Expense” tab of the “QPB Exhibits 6-27-2020” spreadsheet included with the Company’s filing that appears to also provide the basis for the current and proposed depreciation rates. Explain the difference between these two schedules. Specifically, we note that the “Tab D TN Direct” tab appears to use the proposed depreciation rates from the Company’s depreciation study while the “Depreciation Expense” tab appears (for the most part) to use the current depreciation rates as the proposed depreciation rates.

RESPONSE:

2-77. Refer to the “Tab J MFR 54” tab of the “6 Detail Plant in Service and Depr Exp” spreadsheet included with the Company’s filing that provides the basis for the ratio of net cost of removal to plant retirements and provide the following information.

- a. Provide the source and support for the retirements shown in Cells C141 to D144 that appear as hard
- b. -coded amounts.
- c. Provide the source and support for the salvage and cost of removal shown in Cells B11 to D136 that appear as hard-coded amounts.
- d. Refer to Cells C141 to C147 that calculate the Tennessee ratio of net cost of removal to plant retirements. Explain the Company’s rationale for excluding the 2016 data from the calculation.
- e. Provide the retirement data for 2016 along with the source and support for this information.
- f. Refer to Cells D141 to D147 that calculate the Piedmont ratio of net cost of removal to plant retirements. It appears that the Company has used net cost of removal from 2016-2020 in this calculation while only using retirements from 2017-2020. Explain the Company’s rationale for excluding the 2016 retirement data from the calculation.

RESPONSE:

2-78. Refer to the “Tab K-TN Direct CWIP” tab of the “6 Detail Plant in Service and Depr Exp” spreadsheet included with the Company’s filing that provides the basis for the Tennessee component of CWIP and provide the following information.

- a. Provide the source and support for the monthly CWIP Balance and Additions in Cells B10 to W97 that appear as hard-coded data.
- b. Provide a legend for the Project Numbers in Column A.
- c. Provide a narrative explanation of the “Average Pool Balance Calculation” in Cells A109 to E115.
- d. Provide the monthly “Average Pool Balance Calculation” from March 31, 2019 to March 31, 2020 in the same format presented on this spreadsheet along with the source and support for the data.
- e. Provide a legend for the “Average Pool Balance Calculation” project numbers shown in Cells A109 to A115.
- f. Reconcile the CWIP balance of \$44,694,063 (Cells B116 and B98) with the \$45,688,559 balance in Cell C10 of the “Tab C-Summary CWIP” tab of this same spreadsheet.

RESPONSE:

2-79. Refer to the “Tab L-3-State CWIP” tab of the “6 Detail Plant in Service and Depr Exp” spreadsheet included with the Company’s filing that provides the basis for the Piedmont component of CWIP and provide the following information.

- a. Provide the source and support for the monthly CWIP Balance and Additions in Cells B10 to W36 that appear as hard-coded data.
- b. Provide a legend for the Project Numbers in Column A.
- c. Reconcile the CWIP balance of \$44,694,063 (Cells B116 and B98) with the \$45,688,559 balance in Cell C10 of the “Tab C-Summary CWIP” tab of this same spreadsheet.

RESPONSE:

2-80. Refer to the “Tab C-Summary CWIP” tab of the “6 Detail Plant in Service and Depr Exp” spreadsheet included with the Company’s filing that provides the basis for the monthly Tennessee and Piedmont CWIP balance and provide the following information.

- a. Provide the historical monthly TN CWIP balance from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.
- b. Provide the historical monthly Piedmont CWIP balance (before allocations) from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-81. Refer to the “ADIT-Summary” tab of the “QPB Exhibits 6-27-2020” spreadsheet

included with the Company’s filing that provides the basis for the test period and attrition period monthly balances of deferred taxes and provide the following information.

- a. Provide the source and support for the monthly balances shown in Cells B10 to O19 that appear as hard-coded numbers.
- b. Provide the historical monthly deferred tax balances for all accounts from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-82. Refer to the “Revenue Requirement TN” tab of the “QPB Exhibits 6-27-2020” spreadsheet included with the Company’s filing. Specifically refer to Row 47 of this spreadsheet that provides the test period and attrition period monthly balances of \$5,828,754 for Contributions in Aid of Construction. Provide the historical monthly balances of Contributions in Aid of Construction from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-83. Refer to the “Cust Growth” tab of the “1 Sales and Transportation Pro Forma Revenues – Confidential” spreadsheet included with the Company’s filing that provides the basis for the attrition period growth in residential and Small & Medium General customers. Provide the following information related to this spreadsheet.

- a. Provide the source and support for growth in residential bills of 2,859 contained in Cell D17 as a hard-coded number.

- b. Provide the source and support for the growth in Small & medium general bills of 136 contained in Cell G17 as a hard-coded number.

RESPONSE:

- 2-84. Refer to the “Cust Growth” tab of the “1 Sales and Transportation Pro Forma Revenues – Confidential” spreadsheet included with the Company’s filing that provides the basis for the attrition period growth in residential and Small & Medium General customers. It appears that the Company has implemented its forecasted 2021 residential growth factor of 1.65% beginning in January 2021 while implementing its forecasted 2021 small and medium general growth factor of 0.74% beginning in September 2020. Explain the Company’s rationale for this disparate treatment.

RESPONSE:

- 2-85. Refer to the “June 2020 Billing Rates” tab of the “1 Sales and Transportation Pro Forma Revenues – Confidential” spreadsheet that was included with the Company’s filing and provides the basis for the current billing rates in the revenue calculation. Provide a copy of the Company’s June 2020 filing that supports the billing rate components that are labeled as “Sixty-Fifth Revised Sheet No. 1.”

RESPONSE:

- 2-86. Refer to the “Customer Usage Adjustments” tab of the “1 Sales and Transportation Pro Forma Revenues – Confidential” spreadsheet that was included with the Company’s filing and provides the basis for customer specific determinant adjustments. Provide a source and support for all determinant adjustments presented on this spreadsheet.

RESPONSE:

2-87. Refer to the “Tariff Large General” tab of the “1 Sales and Transportation Pro Forma Revenues – Confidential” spreadsheet that was included with the Company’s filing and provides the basis for the large customer billing determinants during the test period. Specifically refer to footnotes (b) and (c) of this spreadsheet that refer to the information sources usage and billing demand. Provide copies of the monthly “frequency distribution reports” and the “ZCSDEMNC reports” May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-88. Refer to the “Rate Key” tab of the “DR 1-13 Attachment 2” spreadsheet included with the Company’s response to CA discovery request 1-13 regarding historic billing determinants. Provide a legend and description for the billing system rate codes that do not directly correspond to the tariff rate schedules (e.g. 311, 313, 321, 332, and 366).

RESPONSE:

2-89. Refer to Page No. 4, Footnote No. 3 of Company witness Couzens regarding unprotected excess ADIT. Provide the monthly unamortized balance and the monthly charges against unprotected excess ADIT from the date of its authorization in Docket 18-00040 through March 31, 2020.

RESPONSE:

2-90. Provide a schedule showing the date, start time and duration of any curtailments/interruptions for Piedmont’s Tennessee customers by rate schedule from January 1, 2014 through March 31, 2020.

RESPONSE:

2-91. Provide a schedule showing the current dispatch for the Company's gas storage and pipeline capacity.

RESPONSE:

2-92. Refer to the "Late Payments Proforma" tab of the "2 Other Revenues Pro Forma-Confidential" spreadsheet included with the Company's response to MFR #12 that provides the basis for the Other Revenues forecast. Specifically refer to Cells B33 to D36 of this spreadsheet that calculate a \$885,064 adjustment to forfeited discounts based upon the Company's proposed increase in the billing payment terms from 12 days to 25 days. In order to confirm the Company's proposed adjustment to forfeited discounts, provide the following information:

- a. Provide the current billing payment terms from the Company's tariffs in North Carolina and South Carolina.
- b. Provide the annual amount of forfeited discounts for 2017, 2018 and 2019 for North Carolina and South Carolina along with the annual revenues by customer class for both states for these same annual periods.

RESPONSE:

2-93. Refer to the "Special Contracts" tab of the "Sales and Transportation Pro Forma Revenue" spreadsheet included with the Company's response to MFR #12. Based on the test period usage of this customer, identify which of the Company's regular tariff rate schedules that it would normally qualify for.

RESPONSE:

2-94. Refer to the "Tariff Large General" tab of the "Sales and Transportation Pro Forma Revenue" spreadsheet included with the Company's response to MFR #12. Specifically refer to Cells A104 to F119 regarding the test period consumption of Sale for Resale customers and provide the following information.

- a. Identify the two customers presently on this tariff.
- b. Based upon the test period usage of these two customers, identify which of the Company's regular tariff rate schedules that they would normally qualify for.

RESPONSE:

2-95. Refer to the "A Summary Other Revs Pro Forma" tab of the "2 Other Revenues Pro Forma-Confidential" spreadsheet included with the Company's response to MFR #12. Specifically refer to footnote "e" of this spreadsheet which provides the Company's rationale for removing "Cost of Gas Cash-Outs" from Other Revenues, and states that this "...revenue stream reflects the recovery of gas cost expense during the test period." Does the Company consider "Cost of Gas Cash-Outs" to be a component of its Actual Cost Adjustment (ACA) filed separately with the Commission? If not, explain the Company's basis for excluding these "Cost of Gas Cash-Outs" from attrition period Other Revenues.

RESPONSE:

2-96. Identify by month the asset management fees that the Company has retained subject to Service Schedule 316-Performance Incentive Plan from January 2016 through March 2020 and showing the specific accounts charged or credited.

RESPONSE:

2-97. Refer to Exhibit KAC-3 and Exhibit KAC-4 that are included as attachments to the testimony of Company witness Couzens that provide the Company's current and proposed billing rates for all tariffs. Specifically refer to Column 2 for both Exhibits that provide the cumulative PGA demand billing rates which is summarized below.

Tariff	Current Demand Rates per Dkt	Proposed Demand Rates per Dkt	Difference
301 – Residential	\$0.7577	\$0.7823	\$0.0246

302 – Small General Service	0.7577	0.7323	-0.0254
352 – Medium General Service	0.7577	0.7394	-0.0183
303 – Large General Sales Service	8.2829	6.7158	-1.5671
313 – Large Firm Transportation Service	8.2829	8.3617	0.0788
310 – Sale for Resale	8.2829	1.3372	-6.9457

Provide the following information supporting the Company's proposed changes to the PGA demand billing rates.

- Provide the Company's rationale for proposing a change to the PGA demand billing rates within the context of a base rate case.
- Identify any of the Company's previous rate case dockets where the Commission has considered a change to the PGA demand billing rates.
- Explain the Company's rationale for desynchronizing the PGA demand billing rates for Rate Schedules 301, 302 and 352.
- Explain the Company's rationale for desynchronizing the PGA demand billing rates for Rate Schedules 303, 313 and 310.

RESPONSE:

2-98. Refer to the "Growth Factors" tab of the "SW Growth Factors" spreadsheet included with the Company's filing that provides the basis for the attrition period inflation, customer growth and salary & wage growth adjustments. Provide the following information related to this spreadsheet.

- Provide the source and support for the 2019, 2020 and 2021 customer counts shown in Cells E24 to E26 of this spreadsheet.
- Explain the Company's rationale for calculating the customer annual growth rate for 21 months as contained within the formula in Cell E28 instead of 24 months (the time period between customer forecasts at December 2019 and December 2021 that are actually used in the calculation).
- Provide the source and support for the 3.00% Salary & Wage increases cited for 2018 and 2019 in Cells E38 to E39.

RESPONSE:

2-99. Refer to the “Composite Factor FYE 12-31-19”, “Composite Factor 12-31-20”, and the “Composite Factor Attrition” tabs of the “SW Composite Allocation Factors” spreadsheet included with the Company’s filing that provides the basis for the allocation of common costs. Provide the source and support for the direct labor, gross plant and customer counts used in the development of the allocation factor calculations in this spreadsheet.

RESPONSE:

2-100. Refer to the “7. Trans and Dist” tab of the “5J Trans Dist Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for transmission and distribution expenses. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-101. Refer to the “7. S&W Adjustment” tab of the “5J Trans Dist Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for salary and wages for transmission and distribution expenses. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-102. Refer to the “7. Incentive Adjustment” tab of the “5J Trans Dist Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for incentive compensation for transmission and distribution expenses. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-103. Refer to the “B.AC 0144330 Detail Test Period” tab of the “5H Uncollectible Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for Allowance for Doubtful Accounts. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-104. Refer to the “A.AC 090330 Detail Test Period” tab of the “5H Uncollectible Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for uncollectible expenses. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-105. Refer to the “Summary” tab of the “5H Uncollectible Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for uncollectible expenses and provide the following information.

- a. Reconcile the test period revenues of \$205,107,155 in Cell E33 with the \$206,642,547 in Cell E56 on this same spreadsheet.
- b. Provide the source and support for the Attrition Period Margin of \$141,449,661 in Cell E37 that is presented as a hard-coded number.
- c. Provide the source and support for the Test Period Margin of \$138,335,523 in Cell F47 that is presented as a hard-coded number.

RESPONSE:

2-106. Refer to the “Test Period Transaction” tab of the “5M Customer Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for Other Customer Accounts. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-107. Refer to the “Per Books Adjusted wo S&W” tab of the “5M Customer Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for Other Customer Accounts. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-108. Refer to the “Summary” tab of the “5M Customer Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for Other Customer Accounts. We are unable to produce these same results from the Pivot Tables included in the Company’s calculations. Specifically, we are unable to recalculate the amounts for Salary & Wage and Incentive Expenses (\$7,746,483, \$2,722,759 and \$5,871) as well as Non-Applicable Test Period Expenses (\$85,586) that are included in the Company’s calculations from the data that has been provided. Provide an updated calculation for these amounts along with all supporting data.

RESPONSE:

2-109. Refer to the “Test Period Transaction Detail” tab of the “5L Sales Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for sales expenses. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-110. Refer to the “Adj Test Period Detail” tab of the “5L Sales Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for sales expenses. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-111. Refer to the “Summary” tab of the “5L Sales Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for sales expenses and provide the following information.

- a. Provide the source and support for the \$43,569 adjustment within Cell I15 that appears as a hard-coded number.
- b. Provide the source and support for the \$5,277 adjustment within Cell K15 that appears as a hard-coded number.

RESPONSE:

2-112. Refer to the “ST Only” tab of the “5D Payroll Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for regular time payroll expense. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-113. Refer to the “OT Only” tab of the “5D Payroll Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for over-time time payroll expense. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-114. Refer to the “OT Pivot” tab of the “5D Payroll Adj” spreadsheet included with the Company’s filing that provides a summary presentation of the over-time payroll for the test period. Provide a reconciliation of the “Box 3 Allocated Over-time” total payroll of \$1,727,944 in Cell D17 of this spreadsheet with the \$1,765,171 amount shown in Cell W13492 on the “OT Only” tab of this spreadsheet.

RESPONSE:

2-115. Refer to the “B” tab of the “5D Payroll Adj” spreadsheet included with the Company’s filing that provides the test period summary of payroll expense. Provide the source and support for the amounts in Column C of this spreadsheet that appear as hard-coded numbers.

RESPONSE:

2-116. Refer to the “B” tab of the “5D Payroll Adj” spreadsheet included with the Company’s filing that provides the test period summary of payroll expense. Provide the source and support for the 3% payroll increase embedded within the formulas in Cells E30 to E31 as hard-coded numbers.

RESPONSE:

2-117. Refer to the “Summary” tab of the “5D Payroll Adj” spreadsheet included with the Company’s filing that provides the test period summary of payroll expense. Provide the source and support for the \$-58,559 adjustment amounts in Cell F13 of this spreadsheet that appear as a hard-coded number.

RESPONSE:

2-118. Refer to the “Total Co O&M STIP LTIP” tab of the “5E Incentive Com Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for incentive compensation charged to O&M expense. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-119. Refer to the “Total Co STIP LTIP” tab of the “5E Incentive Com Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for incentive

compensation. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-120. Refer to the “Summary” tab of the “5E Incentive Com Adj” spreadsheet included with the Company’s filing. Provide the source and support for the STIP 2021 budget amounts in Cells B19 to B32 that appear as hard-coded numbers.

RESPONSE:

2-121. Refer to the “Summary” tab of the “5E Incentive Com Adj” spreadsheet included with the Company’s filing. Provide the source and support for the LTIP 2021 budget amounts in Cells G19 to G34 that appear as hard-coded numbers.

RESPONSE:

2-122. Refer to the “Total Company Details” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension expense. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-123. Refer to the “Non-Service Details” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension expense. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-124. Refer to the “Non-Cash Service Details” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period

pension expense. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-125. Refer to the “DEBS Qualified Pension” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension expense. Specifically refer to the two pivot tables included on this spreadsheet. Provide the source and support for the underlying data that these two spreadsheets are based upon.

RESPONSE:

2-126. Refer to the “DEBS Qualified Pension” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension expense. Specifically refer to the two screen shots included within footnote “(a)” on this spreadsheet. Provide the source and support for the underlying data that these two screenshots are based upon.

RESPONSE:

2-127. Refer to the “2018 Summary” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension expense. Provide the source and support for the hard-coded numbers that appear on this spreadsheet.

RESPONSE:

2-128. Refer to the “2019 Summary” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension

expense. Provide the source and support for the hard-coded numbers that appear on this spreadsheet.

RESPONSE:

2-129. Refer to the “2019 Qualified - Actuary” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension expense. Provide the source and support for the hard-coded numbers that appear on this spreadsheet in Cells D22 to G32.

RESPONSE:

2-130. Refer to the “2020 Qualified - Actuary” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension expense. Provide the source and support for the hard-coded numbers that appear on this spreadsheet in Cells E22 to F32 and Cell F36.

RESPONSE:

2-131. Refer to the “2020 Qualified - Actuary” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension expense. Specifically refer to Cell E59 that refers to a separate supporting spreadsheet. Provide the supporting spreadsheet and workpapers for this amount.

RESPONSE:

2-132. Refer to the “2020 Qualified - Actuary” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension expense. Specifically refer to Cell E63 that refers to a separate supporting spreadsheet. Provide the supporting spreadsheet and workpapers for this amount.

RESPONSE:

2-133. Refer to the “NonQualified Pension” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension expense. Specifically refer to Cells E10 to E12 that are presented as hard-coded numbers. Provide the source and support for this information.

RESPONSE:

2-134. Refer to the “DEBS Qualified Pension” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension expense. Specifically refer to Cell E106 that contains the 2019 DEBS Allocation to Piedmont of 4.96% and refers to two components in its formula that are hard-coded numbers. Provide the source and support for this information.

RESPONSE:

2-135. Refer to the “DEBS Qualified Pension” tab of the “5C Pension Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the test period pension expense. Specifically refer to Cell E109 that contains the 2020 DEBS Allocation to Piedmont of 4.95% and refers to two components in its formula that are hard-coded numbers. Provide the source and support for this information.

RESPONSE:

2-136. Refer to the following tabs on the “5F OtherBen Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for other benefits.

- a. OPEB Details
- b. LTD Details
- c. Medical Details
- d. Dental Details
- e. RSP Details
- f. Basic Life Details

g. Misc Detail

For each of these accounts, provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-137. Refer to the “LTD Budget” tab of the “5F OtherBen Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for other benefits expense. Specifically refer to the two pivot tables included on this spreadsheet. Provide the source and support for the underlying data that these two spreadsheets are based upon.

RESPONSE:

2-138. Refer to the “2019 LTD” tab of the “5F OtherBen Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for other benefits expense. Specifically refer to the two pivot tables included on this spreadsheet. Provide the source and support for the underlying data that these two spreadsheets are based upon.

RESPONSE:

2-139. Refer to the “DEBS Annual Budget” tab of the “5F OtherBen Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for other benefits expense. Specifically refer to the pivot table included on this spreadsheet. Provide the source and support for the underlying data that this spreadsheet is based upon.

RESPONSE:

2-140. Refer to the “Misc” tab of the “5F OtherBen Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for other benefits expense. Specifically refer to the pivot table included on this spreadsheet. Provide the source and support for the underlying data that this spreadsheet is based upon.

RESPONSE:

2-141. Refer to the “DEBS Allocation” tab of the “5F OtherBen Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for other benefits expense. Specifically refer to the pivot table included on this spreadsheet. Provide the source and support for the underlying data that this spreadsheet is based upon.

RESPONSE:

2-142. Refer to the “DEBS Allocation” tab of the “5F OtherBen Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for other benefits expense. Specifically refer to Cell G22 that calculates the 4.18% allocation factor for these costs. Provide the source and support for the allocation factor.

RESPONSE:

2-143. Refer to the “DEB Allocation” tab of the “5F OtherBen Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for other benefits expense. Specifically refer to Cell G33 that calculates the test period OPEB cost of \$1,282,705. It appears that the Company has erroneously summed the fiscal 2019 amount with the fiscal 2020 in arriving at this balance of \$1,282,705. If the Company believes that this is the appropriate test period balance, then explain the Company’s rationale for this calculation. If the Company believes this calculation is in error, then provided an updated calculation.

RESPONSE:

2-144. Refer to the “OPEB Stmt” tab of the “5F OtherBen Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for other benefits expense. Specifically refer to Cells D22 to E32 and D85 to F95 of this spreadsheet that provide the OPEB cost components fiscal 2019 and 2020. Provide the source and support for the data included in these two ranges that appear as hard-coded numbers.

RESPONSE:

2-145. Refer to the “OPEB Stmtns” tab of the “5F OtherBen Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for other benefits expense. Specifically refer to Cells D66 and D106 that provide the “DGFI (per the CAM) amounts of 5.63% and 5.73% for fiscal 2019 and 2020. Provide the source and support for the data included in these two cells that appear as hard-coded numbers.

RESPONSE:

2-146. Refer to the “Summary” tab of the “5F OtherBen Adj” spreadsheet included with the Company’s filing that provides the test period and attrition period balances for other benefits expense. Specifically refer to Row 16 of this spreadsheet that provides the test period amounts and adjustments for “Misc Benefits and Distributions of \$-1,326,376 and \$-3,907. Provide the source and support for the data included in this row that appear as hard-coded numbers.

RESPONSE:

2-147. Refer to the following tabs on the “5G Rent Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for rent expense.

- a. PTC
- b. All Other Rent
- c. AC 931008

For each of these accounts, provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-148. Refer to the “Summary” tab of the “5G Rent Adj” spreadsheet included with the Company’s filing that provides the test period and attrition period balances for rent

expense. Specifically refer to Cell I28 of this spreadsheet that provides the test period amount for Tennessee direct lease expense of \$7,500. Provide the source and support for this amount that appears as a hard-coded number.

RESPONSE:

2-149. Refer to the “AC 931008” tab of the “5G Rent Adj” spreadsheet included with the Company’s filing that provides the test period and attrition period balances for rent expense. The description in this spreadsheet appears to designate this data as a return expense for DEBS. Provide a more complete description of this data along with an explanation of why it is included in rent expense.

RESPONSE:

2-150. Refer to the following tabs on the “5I Insurance Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for insurance expense.

- a. Test Period Expense Query
- b. Test Period Premiums Query

For each of these accounts, provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-151. Refer to the “Pivot” tab of the “5I Insurance Adj” spreadsheet included with the Company’s filing. Specifically refer to Cells C4 to C12 of this spreadsheet that refer to the “TN Allocated Income Statement.” Provide a copy of the Company’s monthly “TN Allocated Income Statements” from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-152. Refer to the “Pivot” tab of the “5I Insurance Adj” spreadsheet included with the Company’s filing. Specifically refer to the Pivot Table located in Cells A19 to F38 that provide a summary of insurance expense by business unit. Provide a legend for each of the Company’s business units.

RESPONSE:

2-153. Refer to the “Summary TN 2020” tab of the “5I Insurance Adj” spreadsheet included with the Company’s filing that provides the test period and attrition period balances for insurance expense. Specifically refer to Cells D43 to D49 of this spreadsheet that provide the estimated attrition premiums totaling \$19,806,695. Provide the source and support for the data included in these cells that appear as hard-coded numbers.

RESPONSE:

2-154. Refer to the “AC 928014” tab of the “5O RegComFee Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the regulatory commission expense. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-155. Refer to the “Summary” tab of the “5O RegComFee Adj” spreadsheet included with the Company’s filing that provides the test period and projected attrition period charges for the regulatory commission expense. Provide a copy of the Company’s TPUC Inspection Fee Statement that was paid in 2020 along with a reconciliation between the amount recorded on this statement and the amounts recorded on the Company’s books.

RESPONSE:

2-156. Refer to the “Other A&G Detail” tab of the “5K OtherAG Adj” spreadsheet included with the Company’s filing that provides the test period detail charges for the other administrative and general expenses. Provide this same monthly information in this same format from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-157. Refer to the “Summary” tab of the “5K Other AG Adj” spreadsheet included with the Company’s filing that provides the test period and attrition period balances for other administrative and general expense. Specifically refer to Cells D17 to D18 of this spreadsheet that provide the estimated salary & wage and incentive adjustment totaling \$139,744. Provide the source and support for the data included in these cells that appear as hard-coded numbers.

RESPONSE:

2-158. Refer to the “Other 920000 Expenses” tab of the “5K Other AG Adj” spreadsheet included with the Company’s filing. Specifically refer to the pivot table included on this spreadsheet. Provide the source and support for the data underlying this pivot table.

RESPONSE:

2-159. Refer to the “7 GenTax Adj” spreadsheet included with the Company’s filing that provides the test period and attrition period calculation for Taxes Other Than Income Tax expense. Provide the monthly detail entries to Taxes Other Than Income Tax expense on the Company’s books from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-160. Refer to the “A Summary” tab of the “7 GenTax Adj” spreadsheet included with the Company’s filing that provides the test period and attrition period balances for Taxes Other

Than Income Tax expense. Specifically refer to Cells G12 to G15 of this spreadsheet that provide the test period amounts totaling \$11,103,405. Provide the source and support for the data included in these cells that appear as hard-coded numbers.

RESPONSE:

2-161. Refer to the “C Property Tax” tab of the “7 GenTax Adj” spreadsheet included with the Company’s filing that provides the attrition period property tax expense and provide the following information.

- a. Provide the property tax assessment and property tax rate statements submitted to the Company from each taxing jurisdiction for 2019 and 2020.
- b. Refer to Cell B15 of this spreadsheet that provides the composite property tax rate of 0.664%. Provide the source and support for the data included in this cell that appears as hard-coded number.

RESPONSE:

2-162. Refer to the “Inventory Calc” tab of the “7 GenTax Adj” spreadsheet included with the Company’s filing that provides the test period inventory balances. Provide the source and support for the monthly data included in these cells that appear as hard-coded numbers from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-163. Refer to the “Tab D TN Direct” tab of the “6 Detail Plant in Service and Depr Exp” spreadsheet included with the Company’s filing that provides the test period and attrition period balances for depreciation expense. Specifically refer to Cell BU86 of this spreadsheet that provides the test period amount totaling \$31,366,960. Provide the source and support for the data included in this cell that appears a hard-coded number.

RESPONSE:

2-164. Refer to the “Tab D TN Direct” tab of the “6 Detail Plant in Service and Depr Exp” spreadsheet included with the Company’s filing that provides the test period and attrition

period balances for depreciation expense. It appears that the Company has calculated monthly depreciation expense by taking the end-of-period monthly plant balances instead of the average monthly plant balances. Typically, average monthly plant balances are used in calculating forecasted depreciation expense in order to recognize that plant is added ratably throughout the month. Explain the Company's rationale for calculating its monthly depreciation expense forecast by using end-of-period plant balances.

RESPONSE:

2-165. Refer to the "O&M Summary Schedule" tab of the "Revenue Requirement Summary" spreadsheet included with the Company's filing. Specifically refer to Cell D21 of this spreadsheet that provides the test period balance for Salaries and Wages of \$6,316,192. Provide the source and support for this amount that appears as a formula containing two hard-coded numbers.

RESPONSE:

2-166. Refer to the "O&M Summary Schedule" tab of the "Revenue Requirement Summary" spreadsheet included with the Company's filing. Specifically refer to Cell D28 of this spreadsheet that provides the test period balance for Regulatory Amortization Expense of \$3,142,867. Provide the source and support for this amount that appears as a hard-coded number.

RESPONSE:

2-167. Refer to the "Revenue Requirement" tab of the "Revenue Requirement Summary" spreadsheet included with the Company's filing. Specifically refer to Cell E18 of this spreadsheet that provides the test period balance for Cost of Gas of \$68,307,024. Provide the source and support for this amount that appears as a hard-coded number.

RESPONSE:

2-168. Refer to the “Exhibit (KAC-4)” tab of the “KAC Exhibits 6-29” spreadsheet included with the Company’s filing. Specifically refer to Column D of this spreadsheet that provides the Company’s proposed “Cumulative PGA Demand” rates and provide the following information.

- a. Provide the source and support for the calculation of each proposed “Cumulative PGA Demand” rate.
- b. Refer to the Commission Order in Docket No. 11-00144. Specifically refer to Paragraph 16b of this Order on Page 5 where it states the following: “That the Company shall revert to filing for adjustments to fixed gas cost recovery through the PGA going forward.” Given the Commission’s Order in Docket No. 11-00144 requiring adjustments to fixed gas cost through the PGA process instead of a base rate case, explain the Company’s rationalization for the proposed changes to fixed gas costs in this rate case.

RESPONSE:

2-169. Refer to the “Service Schedule No. 307 – Balancing, Cash-Out, and Agency Authorization” included in the Company’s tariff. Specifically refer to the “Weighted Index Price” percentages of this rate schedule that currently have a 50/50 weighting between the Tenn 500 and Tenn 800 pipelines. Provide a calculation of the actual percentages for these two pipelines during the test period.

RESPONSE:

2-170. Refer to the “Exhibit (KAC-4)” tab of the “KAC Exhibits 6-29” spreadsheet included with the Company’s filing. Specifically refer to Column C of this spreadsheet that provides the Company’s proposed base rates for this rate filing. It appears that the Company is now proposing to “unlink” the existing identical rate structure between its firm and interruptible (Rates 303, 304, 313 and 314) commodity rates that have been in place for some time. Provide the Company’s rationalization for unlinking this existing rate structure.

RESPONSE:

2-171. Refer to the “Revenue Requirement TN” tab of the “QPB Exhibits 6-27-20” spreadsheet included with the Company’s filing. Specifically refer to Row 34 of this spreadsheet that provides the test period and attrition period balance of AFUDC of \$3,152,246 and \$3,001,310. Provide the source and support for these two amounts that appear as hard-coded numbers.

RESPONSE:

2-172. Refer to the “Revenue Requirement TN” tab of the “QPB Exhibits 6-27-20” spreadsheet included with the Company’s filing. Specifically refer to Row 34 of this spreadsheet that provides the test period and attrition period balance of AFUDC of \$3,152,246 and \$3,001,310. Provide the historical monthly balances of AFUDC from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-173. Refer to Page 14, Lines 1-6 of the testimony of Company witness Bowman in regard to the Company’s use of a composite state tax rate of 3.46%. Provide the Company’s calculation of this composite state tax rate.

RESPONSE:

2-174. Refer to the “Revenue Requirement TN” tab of the “QPB Exhibits 6-27-20” spreadsheet included with the Company’s filing. Specifically refer to Cells C79 to K110 of this spreadsheet that provides the attrition period income tax calculation. Explain the Company’s rationale for excluded the Schedule M Adjustments included on MFR 48 from the calculation of income taxes.

RESPONSE:

2-175. Refer to the “Revenue Requirement TN” tab of the “QPB Exhibits 6-27-20” spreadsheet included with the Company’s filing. Specifically refer to Cells B113 to F136 of this spreadsheet that provides the attrition period revenue conversion factor calculation and provide the following information.

- a. Explain why the Company omits the forfeited discount factor from this calculation.
- b. Explain why the Company includes a “Commission Fee Factor” in the calculation since the TPUC Inspection Fee for the attrition year is based upon test year base amounts that have already been included in Taxes Other Than Income.
- c. Explain why the Company includes a “Gross Receipts Tax Factor” in the calculation since the Gross Receipts Tax for the attrition year is based upon test year base amounts that have already been included in Taxes Other Than Income.

RESPONSE:

2-176. Refer to the “EDIT Amort” tab of the “QPB Exhibits 6-27-20” spreadsheet included with the Company’s filing. Provide the source and support for the data on this spreadsheet which appears as hard-coded numbers.

RESPONSE:

2-177. Refer to the “Revenue Requirement TN” tab of the “QPB Exhibits 6-27-20” spreadsheet included with the Company’s filing. Specifically refer to Row 26 of this spreadsheet that provides the basis for the Company’s Investment Tax Credit (ITC) amortization for the attrition period of \$5,077 which appears to be calculated on the “ITC Summary” tab of this same workbook. Provide the following information related to ITC.

- a. Provide the monthly amortization and balance of ITC from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.
- b. Refer to Exhibit PKP-1, Schedule 3, Page 1 from the Company’s last rate case in Docket No. 11-00144. Specifically refer to Line 23 of this schedule that presents Unamortized ITC-Pre ’71 as a deduction to Rate Base. Explain why the Company proposed to reflect the Unamortized ITC as a deduction to Rate Base in Docket 11-00144 and has now presented the amortization of ITC as a deduction to income in the current case.

RESPONSE:

2-178. Refer to the “Net Plant Factor Actual” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the support for the test period and attrition period net plant allocation factors. Specifically refer to Cells C10 to D13 and C25 to D28 of this spreadsheet that provides the historic balances of plant and CWIP by state for 2018 and 2019. Provide the source and support for the monthly data included in these cells that appear as hard-coded numbers.

RESPONSE:

2-179. Refer to the “A” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period cash balances. Specifically refer to Cells D11 to D23 of this spreadsheet that provide the test period monthly cash balances. Provide the source and support for the monthly data included in these cells that appear as hard-coded numbers, by subaccount from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-180. Refer to the “B” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for Materials and Supplies. Specifically refer to Cells E10 to J22 of this spreadsheet that provide the test period monthly balances in each account. Provide the source and support for the monthly data included in these cells that appear as hard-coded numbers, by subaccount from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-181. Refer to the “C” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for Gas Inventory. Specifically refer to Cells C9 to C21 of this spreadsheet that provide the test period monthly balances.

Provide the source and support for the monthly data included in these cells that appear as hard-coded numbers, from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-182. Refer to the “D” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for Deferred Debits. Specifically refer to Cells C12 to J24 of this spreadsheet that provide the test period monthly balances for each of the Company’s deferred debits. Provide the source and support by subaccount for the monthly data included in these cells that appear as hard-coded numbers, from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-183. Refer to the “D” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for Deferred Debits. Provide a copy of the Commission Orders authorizing and continuing each of the deferrals listed on this spreadsheet.

RESPONSE:

2-184. Refer to the “Summary Worksheet” tab of the “5B DefRateCase Adj” spreadsheet included with the Company’s filing that provides support for the deferred rate case costs included in the Company’s total deferred debits. Specifically refer to Cells E12 to E27 of this spreadsheet that provide the forecasted cost of the current rate case by provider. Provide the source and support by subaccount for the data included in these cells that appear as hard-coded numbers.

RESPONSE:

2-185. Refer to the “<2> AC 25360 thru 12-31-17”, the “ <3> AC 0228280 2017-2018” and the “<4> AC 228280 2019-2020” tabs of the “5B DefEnv Adj” spreadsheet included with the Company’s filing that provides support for the deferred environmental costs included in the Company’s total deferred debits. Provide a copy of the invoices associated with each charge recorded on the Company’s books that are included in these spreadsheets.

RESPONSE:

2-186. Refer to the “E” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for Prepaid Insurance. Specifically refer to Cells D10 to D22 of this spreadsheet that provide the test period monthly balances by subaccount. Provide the source and support for the monthly data included in these cells that appear as hard-coded numbers, by subaccount from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-187. Refer to the “Prepaid Attrition” tab of the “5I Insurance Adj” spreadsheet included with the Company’s filing that provides the attrition period balances for Prepaid Insurance. Specifically refer to Cells E11, I11 and I20 of this spreadsheet that provide the monthly amortization amounts of prepaid insurance. Provide the source and support for the data included in these cells that appear as hard-coded numbers.

RESPONSE:

2-188. Refer to the “Summary TN 2020” tab of the “5I Insurance Adj” spreadsheet included with the Company’s filing that provides the estimated attrition period premiums for Prepaid Insurance. Specifically refer to Cells D43 and D44 of this spreadsheet. Provide the source and support for the data included in these cells that appear as hard-coded numbers.

RESPONSE:

2-189. Refer to the “F” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for deferred Pension & OPEB. Specifically refer to Cells C13 to S25 of this spreadsheet that provide the test period monthly balances by subaccount. Provide the source and support for the monthly data included in these cells that appear as hard-coded numbers, by subaccount from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-190. Refer to the “G” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for overhead and fleet. Specifically refer to Cells C12 to D24 and Cells G12 to G24 of this spreadsheet that provide the test period monthly balances by subaccount. Provide the source and support for the monthly data included in these cells that appear as hard-coded numbers, by subaccount from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-191. Refer to the “G” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for overhead and fleet. Specifically refer to footnote #2 on this spreadsheet which reads as follows: “Monthly balances reflected in Fleet Cost Pool 0803290 represent balances for total Piedmont. Piedmont is working to correct the allocation process so as to properly reflect balances by jurisdiction in this account.” Explain this situation more fully as well as an update on Piedmont’s process to correct this.

RESPONSE:

2-192. Refer to the “H” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for accounts payable related to

construction work in progress. Specifically refer to Cells E10 to L22 of this spreadsheet that provide the test period monthly balances by subaccount. Provide the source and support for the monthly data included in these cells that appear as hard-coded numbers, by subaccount from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-193. Refer to the “H” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for accounts payable related to construction work in progress. Specifically refer to Cells E30 to E33 of this spreadsheet that provide the accounts payable amounts by category as referenced in footnote (a). Provide the source and support for the data included in these cells that appear as hard-coded numbers.

RESPONSE:

2-194. Refer to the “J” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for Customer Deposits. Specifically refer to Cells C8 to C20 of this spreadsheet that provide the test period monthly balances. Provide the source and support for the monthly data included in these cells that appear as hard-coded numbers, from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-195. Refer to the “K” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for Interest on Customer Deposits. Specifically refer to Cells E10 to E22 of this spreadsheet that provide the test period monthly balances. Provide the source and support for the monthly data included in these

cells that appear as hard-coded numbers, from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-196. Refer to the “L” tab of the “WorkingCapital Adj” spreadsheet included with the Company’s filing that provides the test period balances for Accrued Vacation. Specifically refer to Cells E10 to E22 of this spreadsheet that provide the test period monthly balances. Provide the source and support for the monthly data included in these cells that appear as hard-coded numbers, from May 2011 (the end of the last rate case in Docket 11-00144) through March 2020.

RESPONSE:

2-197. Refer to the response to Consumer Advocate Request 1-96. Provide a comprehensive explanation as to how the balances of the following accounts are assigned and/or allocated to Tennessee: i) 190001 – ADIT: Prepaid: Federal Taxes, ii) 190002 – ADIT: Prepaid” State Taxes and iii) 190156 Deferred Tax _State NOLs.

RESPONSE:

2-198. Refer to the response to Consumer Advocate Request 1-109. Provide a comprehensive explanation for how the following book/tax timing differences are determined for Tennessee, including whether such amounts reflect amounts allocated from total Piedmont 3-state balances or whether such items are calculated from Piedmont-Tennessee direct assets/costs: i) T13A08 Book Depreciation/Amortization, ii) T13A28 Tax Depreciation/Amortization, iii) T13A30 Tax Gains/Losses, and iv) T13B33 T&D Repairs – Annual Adj.

RESPONSE:

2-199. Regarding the response to Consumer Advocate Request 1-2, specifically within the DEBT WKTb IS tab, provide the following concerning account 0456949 Other Revenue Affiliate: a) Provide a listing of all subaccounts and associated balances underlying this account total by month for the test period, b) For each subaccount, provide a comprehensive explanation as to the nature of the transactions comprising the subaccount, c) Confirm that such revenue is not included in this filing and provide the rationale for such exclusion.

RESPONSE:

2-200. Regarding the response to Consumer Advocate Request 1-2, specifically within the DEBT WKTb IS tab, provide the following concerning account 0417000 Miscellaneous Revenue: a) Provide a listing of all subaccounts and associated balances underlying this account total by month for the test period, b) For each subaccount, provide a comprehensive explanation as to the nature of the transactions comprising the subaccount, c) Confirm that such revenue is not included in this filing and provide the rationale for such exclusion.

RESPONSE:

2-201. Regarding the response to Consumer Advocate Request 1-2, specifically within the DEBT WKTb IS tab, confirm that costs recorded to Account 0426400 Exp/Civic and Political Activity are not allocated to Piedmont-Tennessee's books and records and such amounts are not included within the requested revenue requirement in this case. If this is not confirmed, provide the monthly costs allocated to Piedmont-Tennessee for the test period, along with the account(s) charged for such costs.

RESPONSE:

2-202. Regarding the response to Consumer Advocate Request 1-2, specifically within the DEBT WKTb IS tab, respond to the following general questions:

- a) Confirm that the DEBS operating costs are allocated among affiliates at their costs with not markup and that such allocation process does not contribute to the Net Income balances reflected within the DEBS Income Statement.
- b) Confirm that the return on DEBS associated charged to Piedmont, including Piedmont-Tennessee contribute to the balance of Net Income Attributable to Controlling Interest.

RESPONSE:

2-203. Refer to the Company's Attachment 5D_Payroll Adj.xlsx. Provide the source and support for the hard-coded adjustments of \$(58,559) for the Test Period and the \$(61,821) for the Attrition Period as shown on the "Summary" tab of this file. Additionally, provide the name, Test Period pay, and position for any employee engaged in Lobbying activities by either Piedmont TN or Duke Energy.

RESPONSE:

2-204. Refer to the Company's Attachment 5F_OtherBen Adj.xlsx. Did the Company adjust Benefits to remove the portion of Employee Benefits for employees engaged in lobbying? If not, provide the Company's rational for this determination.

RESPONSE:

2-205. [REDACTED]
[REDACTED]:

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

RESPONSE:

2-206. Refer to the Company's file 5E_Incentive Comp Adj.xlsx. Specifically, refer to the tab 'Summary.' Provide the source for the 2021 Budget figures for STIP and LTIP presented on this tab.

RESPONSE:

2-207. Refer to the Company's response to MFR 38 (Public) along with the Company's file "5E_Incentive Comp Adj.xlsx". Supplement the data shown on tab 'Summary' withing 5E_Incentive Comp Adj.xlsx" to show the Long-Term Incentive Plan separated into the two LTI programs identified in MFR 38. The 'Executive Incentive Plan' and 'Other' for both the Test Period and the Attrition Period. Additionally, separate these amounts by Performance Awards and Restricted Stock Units.

RESPONSE:

2-208. [REDACTED]

RESPONSE:

2-209. [REDACTED]

RESPONSE:

2-210. Refer to "5K_Other AG Adj.xlsx." Specifically, refer to tab Other A&G Detail. The Advocate totaled \$55,824 in TN allocated Aviation charges under Allocator 'DGOV3FFAVI.', Provide the number of flights taken during the test period, which resulted in the total Tennessee allocated charges.

RESPONSE:

2-211. Refer to "5K_Other AG Adj.xlsx." Specifically, refer to tab Other A&G Detail and Account 923000 with charges with 'Corporate Litigation' in 'RC Long Descr.' Provide a narrative description of each litigation and their associated cost that these charges relate to.

RESPONSE:

2-212. Refer to "5K_Other AG Adj.xlsx." Specifically, refer to tab Other A&G Detail and charges allocated by 'DENT3FFITM' with an 'RC Long Descr.' Of 'NERC CIP Enterprise Program.' Provide the Company's reasoning for allocating \$24,041 of these charges to Piedmont Tennessee.

RESPONSE:

2-213. Refer to Attachment 3 to this discovery. The charges presented on this file come from "5K_Other AG Adj.xlsx" tab "Other A&G Detail". Provide answers to the following questions regarding the charges presented in Attachment 3:

- a. Are these charges appropriately assigned to Tennessee? (provide answer in columns D&E of the attached excel)
- b. For charges totaling more than \$10,000 provide a detailed response explaining how the charge benefits operations in Tennessee.

RESPONSE:

RESPECTFULLY SUBMITTED,

HERBERT H. SLATERY III
Attorney General and Reporter
State of Tennessee

A handwritten signature in black ink, appearing to read "D. P. Whitaker III", written over a horizontal line.

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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 23rd day of September, 2020.


DANIEL P. WHITAKER III
Assistant Attorney General

[illegible]

Piedmont Natural Gas
Docket No. 20-00086
Consumer Advocate Request 2-61

Category	Period	Form 3.03 Amount	A/ Composite Factor Amount	B/ Plant in Service Factor - Net Plant
Customer Count	3/31/2020	191,113	188,585	
Gross Plant (Plant in Service + CWIP-CIAC)	3/31/2020	\$ 1,432,790,388	\$ 1,376,797,974	
Net Plant (Plant in Service - A/D)	3/31/2020	\$ 917,346,769		\$ 930,604,322

A/ SW_NET Plant Allocation Factors.xlsx, tab Details for Attrition Period.

B/ SW_NET Plant Allocation Factors.xlsx, Net Plant Factors by Year

RC Long Descr CB	Sum of TN Amount	Assignable to Tennessee	
		Yes	No
Car West Regional Fac - JLL FM	75,556		
Car East Regional Fac - JLL FM	57,984		
System Integrity - Midwest	52,586		
Nuclear EH&S Legal Support	50,217		
Energy Solutions MW/FL	\$ 29,969		
Charlotte Regional Fac- JLL FM	28,979		
Midwest Regional Fac - AM	23,674		
Generation & Comm Delivery	16,080		
Telecom Delivery Florida	13,112		
Fuels & Trading, Smart M&D Del	\$ 11,208		
Telecom Delivery Car West	\$ 10,323		
Carolinas Support	9,369		
SC PNG	9,132		
SC Risk Cont. Improv. & Gov St	\$ 7,091		
System Integrity - East	\$ 7,005		
FE&G Carolina Services Staff	6,637		
IT NERC CIP	\$ 6,434		
SC ENT Tier 3	5,946		
SC SUP Invoice Process Train	5,722		
Telecom Delivery Car East	5,482		
MW & FL Support	4,679		
Telecom Field Serv Car East	4,663		
NG GIS Data Integrity - NC SC	\$ 4,366		
SC Gen NUC Staff	\$ 3,794		
SC CPO Staff	2,975		
LIT Carolinas East	1,717		
SC SUP Vendor Payment Admin	1,453		
LIT Carolinas Region	1,194		
LIT Carolinas West	1,124		

Source: '5K_OtherAG Adj.xlsb', tab 'Other A&G Detail'