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IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

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

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

This Third 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 November 6, 2020, at 2:00 PM CDT.

PRELIMINARY MATTERS AND DEFINITIONS

These Third 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.

THIRD INFORMAL DISCOVERY REQUESTS

3-1. Refer to the Company's response to CA 1-28 regarding historic monthly plant additions from May 2011 through December 2016, split between normal and special projects. The Company's response to this request refers to the separate response to CA 1-4(b). However, the data included in CA 1-4(b) only includes data for "Total Piedmont" instead of separate amounts for Tennessee and Piedmont common plant as provided in MFR 51. The Consumer Advocate needs the historic monthly plant additions for Tennessee and Piedmont common plant split normal additions and special projects in order to adequately gauge the Company's proposed attrition year forecast of plant in service. Therefore, provide the historic monthly plant additions for Tennessee and Piedmont common plant split normal additions and special projects from May 2011 through December 2016 in the same format as MFR 51.

RESPONSE:

3-2. Refer to the "TN Direct Adds" and the "3 State Adds" tabs of the spreadsheet included in the Company's response to MFR 52 that provides the projected additions from April 2020 to December 2021. Is the Company forecasting that these specific amounts will be actually closed to plant in service during the designated time periods or will these amounts instead be a component to Construction Work in Progress to be closed to plant in service when each specific project is completed?

RESPONSE:

3-3. Refer to the Company's response to MFR 51 and MFR 52 that provides the historic and forecasted monthly Tennessee plant additions split between normal plant additions and special projects. Specifically refer to **normal** Tennessee historic and projected amounts for Account 26700 – Transmission Mains in these two spreadsheets which indicate the following balances.

Account 26700 – Transmission Mains – Tennessee Normal Plant Additions	
Additions for the 12 Months Ended 3-31-2018	$8,791,503
Additions for the 12 Months Ended 3-31-2019	974,264
Additions for the 12 Months Ended 3-31-2020	23,610,462
3-Year Average Historic Additions 4/17 – 3/20	**$11,125,409**
Projected Additions for the Stub Period 4/20 – 12/20	$53,814,813
Projected Additions for the Attrition Year 1/21 – 12/21	30,936,195
Total Projected Additions	**$84,751,008**

Provide the Company's support for the projected material increase in Tennessee normal additions for Account 26700 – Transmission Mains during the attrition year.

RESPONSE:

3-4. Refer to the Company's response to MFR 51 and MFR 52 that provides the historic and forecasted monthly Tennessee plant additions split between normal plant additions and special projects. Specifically refer to **normal** Tennessee historic and projected amounts for Account 26502 – Depreciable Land Rights in these two spreadsheets which indicate the following balances.

Account 26502 – Depreciable Land Rights – Tennessee Normal Plant Additions	
Additions for the 12 Months Ended 3-31-2018	$0
Additions for the 12 Months Ended 3-31-2019	0
Additions for the 12 Months Ended 3-31-2020	0
3-Year Average Historic Additions 4/17 – 3/20	**$0**
Projected Additions for the Stub Period 4/20 – 12/20	$5,997,527
Projected Additions for the Attrition Year 1/21 – 12/21	3,102,960
Total Projected Additions	**$9,100,486**

Provide the Company's support for the projected material increase in Tennessee normal additions for Account 26502 – Depreciable Land Rights during the attrition year.

RESPONSE:

3-5. Refer to the Company's response to MFR 51 and MFR 2 that provides the historic and forecasted monthly Tennessee plant additions split between normal plant additions and special projects. Specifically refer to **normal** Tennessee historic and projected amounts for Account 27600 – Distribution Mains in these two spreadsheets which indicate the following balances.

Account 27600 – Distribution Mains – Tennessee Normal Plant Additions	
Additions for the 12 Months Ended 3-31-2018	$30,712,970
Additions for the 12 Months Ended 3-31-2019	7,022,476
Additions for the 12 Months Ended 3-31-2020	17,044,969
3-Year Average Historic Additions 4/17 – 3/20	**$18,260,138**
Projected Additions for the Stub Period 4/20 – 12/20	$21,563,535
Projected Additions for the Attrition Year 1/21 – 12/21	7,243,175
Total Projected Additions	**$28,806,709**

Provide the Company's support for the projected material increase in Tennessee normal additions for Account 27600 – Distribution Mains during the attrition year.

RESPONSE:

3-6. Refer to the Company's response to MFR 51 and MFR 52 that provides the historic and forecasted monthly 3-State Common plant additions split between normal plant additions and special projects. Specifically, refer to **normal** 3-State Common historic and projected amounts for Account 29000 – Structures & Improvements in these two spreadsheets which indicate the following balances.

Account 29000 – Structures & Improvements – 3-State Normal Plant Additions	
Additions for the 12 Months Ended 3-31-2018	$-1,161,108
Additions for the 12 Months Ended 3-31-2019	235,644
Additions for the 12 Months Ended 3-31-2020	1,952,364
3-Year Average Historic Additions 4/17 – 3/20	**$342,233**
Projected Additions for the Stub Period 4/20 – 12/20	$5,784,119
Projected Additions for the Attrition Year 1/21 – 12/21	3,800,998
Total Projected Additions	**$9,585,117**

Provide the Company's support for the projected material increase in 3-State Common normal additions for Account 29000 – Structures & Improvements during the attrition year.

RESPONSE:

3-7. Refer to the Company's response to MFR 51 and MFR 52 that provides the historic and forecasted monthly 3-State Common plant retirements. Specifically refer to the **total** 3-State Common historic and projected retirements in these two spreadsheets which indicate the following balances.

Total Retirements – 3-State Common Plant Retirements	
Additions for the 12 Months Ended 3-31-2018	$-8,592,082
Additions for the 12 Months Ended 3-31-2019	-33,483,147
Additions for the 12 Months Ended 3-31-2020	-11,688,925
3-Year Average Historic Additions 4/17 – 3/20	**$-16,433,857**
Projected Additions for the Stub Period 4/20 – 12/20	$-54,782
Projected Additions for the Attrition Year 1/21 – 12/21	0
Total Projected Additions	**$-54,782**

Provide the Company's support for the projected material decrease in total 3-State Common plant retirements during the attrition year.

RESPONSE:

3-8. Refer to the Company's response to CA 1-36 regarding cost allocations from Duke Energy Business Services (DEBS) to Tennessee. The Consumer Advocate has concerns over the make-up of these allocated costs in part because it is the first time that these costs have been considered in a rate case for Piedmont. In connection with these concerns, provide the following information:

a. Indicate the location and amounts within the Company's rate case filing, for all components of the cost allocations (returns and expenses) from DEBS for both the test period and the attrition period.

b. Provide a copy of the monthly DEBS Balance Sheet from January 2017 through March 2020.

c. Provide a copy of the monthly DEBS Income Statement from January 2017 through March 2020.

d. Identify the nature of the DEBS "inventory" charged to Piedmont and allocated to Tennessee.

e. Refer to the Company's response to CA 1-36(f) regarding the monthly return on DEBS assets, which reads as follows:

> *The return on DEBS assets is based on a monthly calculation of DEBS assets. These assets include PP&E, prepaid pension assets and inventory. The PP&E is determined based on NET PP&E less CWIP less associated deferred taxes. Prepaid pension assets are determined by taking the prepaid qualified pension, less the non-qualified pension and OPEB liabilities and decreasing by a deferred tax amount. The inventory amount is the amount reflected on the balance sheet for DEBS. The total allocated amount of assets assigned to the Regulated Utility is multiplied by a revenue requirement percentage to achieve the allowed rate of return in the jurisdiction (Rate). The amount allocated to the utility is based on a 3-factor allocation for PP&E and inventory assets. The pension assets are allocated based on DEBS labor usage [c]harged to account 0931008.*

Provide a copy of the monthly return on DEBS assets calculation from January 2017 through March 2020 and also the forecasted monthly return from April 2020 through December 2021 along with a clear audit trail to all supporting information.

f. Refer to the Company's response to CA 1-36(a), which shows the Return on DEBS assets for 2017 to 2020 and contains the following Tennessee allocation factors.

2017	17.26%
2018	17.24%
2019	16.85%
2020	17.00%

Provide the calculations for the 2017 to 2020 Tennessee allocation factors along with a clear audit trail to all supporting information.

g. Refer to the Company's response to CA 1-36(b), which shows the monthly depreciation expense on DEBS assets for 2017 to 2020 and contains the following gross amounts.

2017	$0
2018	$8,205,973
2019	$9,786,783
2020	$2,503,352

Provide the calculation of the DEBS depreciation expense for 2017 to 2020 showing the assets by subaccount (that tie to the supporting balances sheet) along with the depreciation rate used for each subaccount.

h. Refer to the Company's response to CA 1-36(e), regarding the authority for the depreciation rates used on DEBS assets which reads as follows:

> *"DEBS is a Service Co. and is not a regulated entity, therefore there are no commission orders related to DEBS for Tennessee, North Carolina or South Carolina."*

Provide the source and support from the depreciation study used by the Company to establish depreciation rates for DEBS assets. If no depreciation study was conducted, then so state and provide the origin of the depreciation rates that are used.

i. Refer to the Company's response to CA 1-36(d), regarding the allocation of expenses to Tennessee which reads as follows:

> *"DEBS depreciation is allocated to BU 47158 (a Piedmont 3-state BU) using OU DDEP[.] [T]he basis for this allocation is [a] 3 Factor Formula (Gross Margin, PPE & Labor) from the Cost Allocation Manual (CAM). It is charged out to account 0921980. See below for the 2020 CAM allocation percentage. Amounts recorded to Piedmont 3-state Bus are then allocated to NT, SC and NC for jurisdictional reporting purposes only."*

Provide the following information related to this response:

(1) Provide a definition of the term "OU DDEP" and explain further how it is used in connection with these allocated costs.

(2) Provide a legend for the color coding on the chart contained within this response.

(3) Provide a description the PNG account numbers from the 2020 CAM allocation percentage (47150, 47151, 47156, 47157, 47158).

(4) The total allocations in the chart contained with this response do not appear to total to 100%. If there are allocations of these costs to other entities, then provide an expanded chart showing the complete allocation.

(5) Provide a calculation of the individual allocation factors to Piedmont in the chart contained with the response along with a clear audit trail to supporting documents.

(6) Provide a calculation showing the DEBS expenses allocated to Piedmont and then to Tennessee using the allocation factors shown on the chart contained within this response.

(7) Provide a copy of the chart contained within this response for 2017, 2018 and 2019 along with a clear audit trail to all supporting documents.

RESPONSE:

3-9. Refer to the Company's response to CA 1-33 (Supplemental) regarding the Company's forecasted plant additions by month from April 2020 through December 2021 for both Tennessee plant and joint plant (Piedmont and DEBS). In order to corroborate the Company's forecasted attrition year plant additions, the Consumer Advocate needs to confirm their source and support beyond a PowerPlan query. Therefore, provide a copy of the individual project sheets (132 TN Direct, 9 Piedmont common plant, and DEBS) that make up the Company's forecasted plant additions showing project approvals and projected expenditures by month and by account.

RESPONSE:

3-10. Refer to the "Net Plant Factor Actual" tab of the "Working Capital Adj" spreadsheet included with the Company's filing that provides the 2019 and 2020 allocation factor calculations for 3-State common Piedmont rate base and provide the following information:

a. Provide the source and support for the Plant in Service and CWIP amounts included on this spreadsheet at December 31, 2018 and December 31, 2019 for North Carolina, South Carolina and Tennessee.

b. Provide the Plant in Service and CWIP amounts, along with their source and support, at December 31, 2015, December 31, 2016 and December 31, 2017 for North Carolina, South Carolina and Tennessee.

c. Provide the Accumulated Depreciation and Contributions in Aid of Construction amounts, along with their source and support, at December 31, 2015, December 31, 2016, December 31, 2017, December 31, 2018 and December 31, 2019 for North Carolina, South Carolina and Tennessee.

RESPONSE:

3-11. 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. Specifically refer to Cell B98 that includes a CWIP balance at March 31, 2020 of $34,750,063. Provide a reconciliation of this amount with the balance of $45,688,559 in Cell C10 on "Tab C Summary CWIP" of this same spreadsheet and with the $45,130,556 balance for Tennessee in Cell E1900 of the "2020" tab of the spreadsheet attachment provided in Company's response to CA 1-40.

RESPONSE:

3-12. 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. Specifically refer to Cell B40 that includes a CWIP balance at March 31, 2020 of $43,067,314. Provide a reconciliation of this amount with the balances for 3-State CWIP included the "2020" tab of the spreadsheet attachment provided in Company's response to CA 1-40.

RESPONSE:

3-13. Refer to the Attachment provided with the Company's response to CA 1-10. Specifically refer to Cells A5 to D22 of the "13-Month Rate Base" tab of this spreadsheet that provides the Tennessee-Direct and Joint-Allocated monthly values for Plant in Service from March 2019 to March 2020. Provide the following information related to this data:

a. Provide the source and support for the monthly Tennessee and Joint Allocated Plant in Service data included here.

b. Provide this same Tennessee and Joint Allocated Plant in Service data from May 2011 (the end of the last rate case) through February 2019.

RESPONSE:

3-14. Refer to the Attachment provided with the Company's response to CA 1-10. Specifically refer to Cells A24 to D41 of the "13-Month Rate Base" tab of this spreadsheet that provides the Tennessee-Direct and Joint-Allocated monthly values for CWIP from March 2019 to March 2020. Provide the following information related to this data:

a. Provide the source and support for the monthly Tennessee and Joint Allocated CWIP data included here.

b. Provide this same Tennessee and Joint Allocated CWIP data from May 2011 (the end of the last rate case) through February 2019.

REPSONSE:

3-15. Refer to the Attachment provided with the Company's response to CA 1-10. Specifically refer to Cells A43 to D60 of the "13-Month Rate Base" tab of this spreadsheet that provides the Tennessee-Direct and Joint-Allocated monthly values for Accumulated Depreciation from March 2019 to March 2020. Provide the following information related to this data:

a. Provide the source and support for the monthly Tennessee and Joint Allocated Accumulated Depreciation data included here.

b. Provide this same Tennessee and Joint Allocated Accumulated Depreciation data from May 2011 (the end of the last rate case) through February 2019.

RESPONSE:

3-16. Refer to the Attachment provided with the Company's response to CA 1-10. Specifically refer to Cells A62 to B80 of the "13-Month Rate Base" tab of this spreadsheet that provides the monthly values for Accumulated Deferred FIT from March 2019 to March 2020. Provide the following information related to this data:

a. Provide the source and support for the monthly Accumulated Deferred FIT data included here by account before any state allocations.

b. Provide this same Accumulated Deferred FIT data from May 2011 (the end of the last rate case) through February 2019.

RESPONSE:

3-17. Refer to the balance sheets provided in the Company's responses to CA 1-1 and MFR 10 regarding Account 271000 – Contributions in Aid of Construction which shows the following balances at December 31st for multiple years.

December 31, 2014	$5,268,401
December 31, 2015	$5,389,278
December 31, 2016	$5,659,387
December 31, 2017	$5,828,754
December 31, 2018	$5,828,754
December 31, 2019	$5,828,754
March 31, 2020	$5,828,754

Provide the following information related to this data:

a. From the data above, it appears that the Company has changed its accounting policy for recording Contributions in Aid of Construction resulting in a static balance of $5,828,754 from December 31, 2017 for all months going forward. Provide a description of the reason for this change.

b. Provide a description of the Company's current accounting policy for recording Contributions in Aid of Construction.

c. Provide a description of the Company's accounting policy (current and previous) for recording Customer Advances.

d. Provide a description of any other accounting policy changes taking place since December 2017.

RESPONSE:

3-18. Refer to the balance sheets provided in the Company's responses to CA 1-1 and MFR 10 regarding Account 235140 – Customer Deposits. Does the Company also record the liability associated with accrued interest on customers deposits but not yet paid? If so, provide the account number where accrued interest on these amounts are recorded. If not, explain why.

RESPONSE:

3-19. Refer to the Company's response to CA 1-37 that provide the accumulated depreciation detail for Tennessee and Piedmont common plant. Provide this same monthly accumulated depreciation information for DEBS from October 2016 through March 2020.

RESPONSE:

3-20. Refer to the Company's response to CA 1-93 regarding Piedmont monthly Consolidated Balance Sheets (expanded) from January 2019 through July 2020. Provide a copy of these balance sheets in this same format from May 2011 (the date of the last rate case) through December 2018.

RESPONSE:

3-21. Refer to the "Summary" tab of the "5E Incentive Comp Adj" spreadsheet included with the Company's filing regarding incentive compensation. Provide the Company's monthly historical <u>short-term</u> incentive compensation expense by account, and segregated between Tennessee direct labor, common total labor, common Tennessee allocated labor, and any other relevant classification from May 2011 (the date of the last rate case) through March 31, 2020.

RESPONSE:

3-22. Refer to the "Summary" tab of the "5E Incentive Comp Adj" spreadsheet included with the Company's filing regarding incentive compensation. Provide the Company's monthly historical <u>long-term</u> incentive compensation expense by account, and segregated between

Tennessee direct labor, common total labor, common Tennessee allocated labor and any other relevant classification from May 2011 (the date of the last rate case) through March 31, 2020.

RESPONSE:

3-23. Refer to the "Summary" tab of the "5H Uncollectibles Adj" spreadsheet included with the Company's filing regarding uncollectible write-offs ($596,479) for the test period. Provide the Company's monthly historical uncollectible write-offs for Tennessee utility service from May 2011 (the date of the last rate case) through March 31, 2020.

RESPONSE:

3-24. Refer to the "Summary" tab of the "5J TransDist Adj" spreadsheet included with the Company's filing regarding forecasted transmission and distribution expenses. Specifically refer to Row 13 of this spreadsheet which has zero ($0) value for "Non-Applicable Test Period Expenses." Is it the Company's intent to include Account 889001-Maintenance of CNG Fuel Stations within its transmission and distribution expense forecast even though this category has been considered to be an unregulated activity? If so, explain the Company's rationale for including these amounts.

RESPONSE:

3-25. Refer to the "January 2017 - December 2017" tab of the "Attachment 1" spreadsheet included with the Company's response to CA 2-159 regarding historical amounts charged to Other Taxes. This spreadsheet appears to be missing data for January 2017 through May 2017. Please confirm that this is correct.

RESPONSE:

3-26. The net monthly balances of accounts 0182498, 0186004, and 0228280 identified within the Balance Sheets provided in Company's response to CA 1-93 do not match corresponding balances contained in the DefEnv as well as the WorkingCapital_Adj file. Please reconcile the balances contained in the General Ledger accounts identified above with the environmental balances claimed for Rate Base as reflected in the WorkingCapital_Adj file.

RESPONSE:

3-27. Regarding the September 2019 balance in account 0228280 as contained in the Company's response to CA 1-93, provide a copy of all internal support, including but not limited to legal analysis, engineering studies and environmental studies which support the recording of nearly $4 million to the environmental reserve in September 2019.

RESPONSE:

3-28. Please explain the accounting flow for environmental-related asset accounts 182498 and 186004, along with liability account 228280. As part of your discussion, please explain the circumstances that drive debits and credits to each of these three accounts.

RESPONSE:

3-29. Regarding the Balance Summary tab within workpaper 5B_DefEnvAdj, footnote b references the sale of an MGP site that was previously sold to the City of Nashville. With respect to this sale provide the following information:

a. Summary of the asset or property sold
b. Date of the Sale
c. Proceeds from the Sale
d. Net Book Value of the Property Sold

RESPONSE:

3-30. Provide the support and calculation for the installed cost of Piedmont-Tennessee's distribution main on a per mile basis for 2019 and 2020 year to date.

RESPONSE:

3-31. Regarding the Company's response to CA 2-45, provide a comprehensive explanation for the significant increase in costs per service line in the 2020 year to date data, compared with 2019 data. Include within this discussion all steps taken by the Company to minimize the costs of service installations, while adhering to necessary safety protocols.

RESPONSE:

3-32. Regarding OPEB costs, identify the Company's position indicating whether OPEB costs embedded in base rates should be based upon accrued OPEB costs or on a cash basis.

RESPONSE:

3-33. Regarding the Company's response to CA 2-1, provide the following:

a. All available evidence supporting the reasonableness of the 2019 Repair Deduction estimate that is $2.5 million less than the 2018 actual Repair Deduction.

b. Reconciliation between the estimated level of Repairs Deduction tied to projected plant additions contained in the Company's response to CA 2-65. If such a reconciliation is not possible, provide a comprehensive explanation supporting how the estimated Repair Deduction is consistent with the corresponding forecast of plant additions.

RESPONSE:

3-34. The Company's response to CA 2-18 refers to the amortization of Settlement charges and expense recognition of such charges over a period of approximately 9.75 years. To the extent such costs are incorporated into this filing identify such costs for the twelve-month period ending March 31, 2020 and identify the account(s) charged.

RESPONSE:

3-35. Regarding Attachment 1 within the Company's response to CA 2-15, the information provided within WKTB (A A1) appears to be truncated and additionally there are no headers contained listed within the response. Provide the appropriate column titles for all three columns within this tab.

RESPONSE:

3-36. [redacted]

RESPONSE:

3-37. [redacted]

[redacted]

RESPONSE:

3-38. [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

RESPONSE:

3-39. [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

RESPONSE:

[redacted]

RESPONSE:

3-41. [redacted]

RESPONSE:

[redacted]

[redacted]

RESPONSE:

3-43. [redacted]

RESPONSE:

3-44. [redacted]

RESPONSE:

3-45. Provide the calculation of the Tennessee portion of the return on DEBS assets associated with corporate aircraft by month for the period April 2019 through the most recent month available. The calculation should incorporate the original cost of corporate aircraft, the associated Accumulated Depreciation and Accumulated Deferred Income Tax Liability and the net balance upon which a return is calculated as well as the applicable allocation ratios to arrive at the Piedmont-Tennessee portion of such costs.

RESPONSE:

[redacted]

RESPONSE:

[redacted]

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[1] Note that CA 2-24, Attachment 2 of 5 refers to "HomeService" within the document. The Consumer Advocate utilizes the term "HomeServe" in its requests since it is consistent with the nomenclature utilized in CA 2-24, Attachment 1 of 5.

RESPONSE: Piedmont shares the following basic customer information with HomeServe: Account number, name, secondary name, mailing address, city, state, mailing zip, service address, service city, service state, service zip code, phone number. Additionally, after a customer has signed up for a repair plan from HomeServe, if the customer has a need for a covered service, information would be shared in order for a contractor to perform service to the customer's equipment.

[redacted]

[redacted]

[redacted]

[redacted]

RESPONSE:

[redacted]

RESPONSE:

[redacted]

[redacted]

RESPONSE:

3-50. [redacted]

RESPONSE:

3-51. [redacted]

[redacted]

RESPONSE:

3-52. [redacted]

RESPONSE:

3-53. Refer the Commission's *Order Granting Petition for Approval of Home Warranty Programs*, TPUC Docket No. 15-00064 (p. 5, No. 1.d.) and the Company's response to CA 1-112. In its Order, the Commission directed the utility on its billing regarding the HomeServe Warranty Program:

> d. Kingsport Power Company shall include a message on customers' bills stating that the HomeServe warranty programs are optional and do not have to be purchased in order to receive electric service; that HomeServe is not affiliated with Kingsport Power Company; that HomeServe is not regulated by the Tennessee Regulatory Authority; and that failure to pay the nonregulated charges for the HomeServe warranty programs will not affect the customer's electric service or cause the customer's electric service to be terminated.

The Commission states that a customer's electric service will not be disconnected or terminated due to the failure to pay non-regulated charges. With Piedmont's oldest balance first policy, which does not first distinguish between the balance being for a regulated or unregulated services, has Piedmont disconnected or terminated a customer's service because the customer's partial payments were first applied to older past due balance on unregulated services? Provide documentation to support your response.

RESPONSE:

3-54. Refer to the Company's response to CA 1-112. In light of Piedmont's oldest balance first policy, provide the total number of customer shutoffs by month from January 2018 through the most recent month of data. Of the customers whose service has been shutoff, provide the number of customers who had an outstanding balance for HomeServe's warranty program, again by month from January 2018 through the most recent data.

RESPONSE:

3-55. Refer to the Company's responses to CA 2-39 and 2-203. Provide answers to the following:

a. Is it the Company's contention that the employees shown in the attachment 2-39 and 2-203 are the only employees engaged in lobbying activity, or support those engaged in lobbying activities, whose labor expense is charged to Piedmont-Tennessee?

   1. If not, provide the information provided in 2-203 for each employee who supports those employees engaged in lobbying.

b. For the employees identified in 2-203 (and in subpart a section i. of this request), provide the following:

   1. Company
      i. Benefit by type and month for the period January 2019 through March 2020.
      ii. Any At-Risk compensation for Test Period.
         (a. Separated by type (STI, LTI, and RSUs).

c. Provide the TN portion of Test Period departmental costs for the employees identified in 2-203.

RESPONSE:

3-56. Refer to the Company's response to CA 2-213 along with "5k_Other A&G Adj.xlsx", tab "Other A&G Detail." The Advocate notes that 'System Integrity' charges are grouped into the following regions: Central, East, Midwest, and West. Provide a comprehensive explanation how each of the regions supports Piedmont-Tennessee operations. Within this response, provide a clear distinction between the types of costs incurred within each region and why all four regions incorporate charges to Piedmont-Tennessee.

RESPONSE:

3-57. Refer to CA DR3-57 Attachment 1. The source information in this file is from "5k_Other A&G Adj.xlsx", tab "Other A&G Detail." The information presented in Attachment 1 shows a variety of "Tennessee Amt" for Other Admin and General expenses by 'Allocation Pool ID" followed by "RC long Descr CB". Provide a detailed description of the 'Allocation Pool ID' shown in this file (including those with 'blanks' for 'Allocation Pool ID'). Additionally, provide the Company's reasoning on how these charges relate to the provision of natural gas service in Tennessee.

RESPONSE:

3-58. Refer to the Company's response to CA 2-212. Answer the following:

a. Confirm NERC refers to the North American Electric Reliability Corporation in the context of the charges.

b. Confirm that the charges relate to ensuring the reliability of the nation's electric transmission grid. If not, provide the Company's reasoning for the use of NERC in the description.

RESPONSE:

3-59. Refer to the Company's response to CA 2-210. Provide the following:

a. Number of flights taken by Piedmont-Tennessee employees.

b. Number of flights taken by Piedmont employees.

c. Total number of passenger flights.

RESPONSE:

3-60. Refer to the Company's responses to CA 2-153 and 2-204. Provide the following:

a. A detailed description of what the Company is totaling in cells B42-45 on tab 'Pivot' of the file "5I_Insurance Adj.xlsx".

Additionally, provide how the Company determined these amounts.

b. Separate the amounts by the following:
   1. Lobbying
   2. Incentive Compensation

RESPONSE:

3-61. Refer to the Company's responses to CA 2-153, 2-203, and 2-204. Provide the amount of 'Other Benefits' provided to the employees referenced in CA 2-203 (at both parent and Piedmont-Tennessee levels).

RESPONSE:

3-62. Refer to "5k_Other A&G Adj.xlsx", tab "Other A&G Detail." Specifically, refer to the charges to FERC account 923 – Outside Services. Identify all firms employed by any Duke Company that engage in lobbying activities on behalf of any Duke Company. For any firm identified provide the test period amount of expenses (before and after allocation) included within the Company's calculation of expenses. Additionally, provide a copy of the contract for services of the identified firms.

RESPONSE:

3-63. Refer to various files provided by the Company in its initial filing. Provide a description for each of the Responsibility Center IDs and Resource Type ID's used by the Company in its Accounting Records.

RESPONSE:

3-64. Refer to *Piedmont's October 21st Additional Responses to TRA Data Request No. 1*, Staff DR1-10 (Oct. 21, 2011). Provide an unredacted copy of Piedmont's Response to Staff DR 1-10, which reads as follows:

> *10. Does Piedmont receive any royalties from HomeServe related to the sale or provision of Interior Gas Line Coverage in Tennessee (royalties related to the benefit derived from the use of Piedmont's name, vice-president's signature, logo, reputation, goodwill and corporate image, etc.)? If so, please provide the amount received for the twelve months ending May 31, 2011. Please provide detailed justification if no royalties were assessed or received.*

RESPONSE:

3-65. Refer to the Company's response to CA 2-54. The request asked for an explanation as well as the analytical support for the $3,095,060 line item balance. Provide the accounting support and underlying calculations supporting this amount.

RESPONSE:

3-66. Refer to the Company's response to CA 2-58(d). Provide a comprehensive explanation of the nature of Piedmont/Duke operations residing in West Virginia and their nexus to Piedmont-Tennessee operations and why such tax/timing differences should be assigned to

Tennessee. This response should include an identification of assets providing service to Tennessee.

RESPONSE:

3-67. Refer to the Company's response to CA 2-58(d). This response implies that some level of costs associated with physical assets residing in West Virginia are allocated to Piedmont-Tennessee operations. With respect to this response provide the following:

a. Quantify the allocated expenses incurred by month during the test period associated with either (1) assets and (2) employees physically located in West Virginia that are allocated to Piedmont-Tennessee operations.

b. Provide the rationale for such cost allocations and why such costs should be included within Piedmont-Tennessee's revenue requirement.

RESPONSE:

3-68. [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

RESPONSE:

3-69. [redacted]

[redacted]

RESPONSE:

3-70. [redacted]

RESPONSE:

3-71. [redacted]

RESPONSE:

RESPECTFULLY SUBMITTED,

HERBERT H. SLATERY III
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State of Tennessee

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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 21st day of October, 2020.

Karen H. Stachowski

KAREN H. STACHOWSKI
Assistant Attorney General

Office of the Tennesee Attorney General
Docket No. 20-00086
CA DR3-57 Attachment 1

Allocation Pool ID	Sum of TN Amount	
	$	5,025,938
CINSQFFAC	$	(13,653)
CLTSQFFAC	$	138
DENT3FFACT	$	(41,070)
DENT3FFDEP	$	1,639,965
DENT3FFFAC	$	(396,986)
DENT3FFFIN	$	54,970
DENT3FFITM	$	238,474
DENTCPUMFR	$	63,711
DENTEMPHLP	$	52,975
DENTEMPHRS	$	91,610
DENTEMPTEL	$	62,242
DENTPROSPC	$	(19,802)
DENTSYSSVR	$	88,593
DENTWKSWKS	$	41,224
DGOV3FFACT	$	275,838
DGOV3FFAVI	$	58,169
DGOV3FFCDO	$	3
DGOV3FFENV	$	9,691
DGOV3FFEXC	$	25,179
DGOV3FFFIN	$	64,651
DGOV3FFIAU	$	9,931
DGOV3FFINV	$	29,002
DGOV3FFPAF	$	84,975
DGOV3FFPLN	$	32,557
DGOV3FFPPO	$	7,639
DGOVEMPHRS	$	10,441
DUTI3FFITM	$	(55)
DUTI3FFPLN	$	15,187
DUTICUSPMT	$	(734)
DUTIEMPTEL	$	34,544
DUTIPROSPC	$	71,518
DUWKSITM	$	17,910
ENT3FFENV	$	19,134
ENT3FFITM	$	10,627
ENTOVERHD	$	8,050
ENTSYSSVR	$	319
GOV3FCTAPG	$	74,048
GOV3FFCTAP	$	62
GOV3FFLEG	$	110,305
GOVOVERHD	$	(102,551)
PRE3FFITM	$	3
SRVGAS133S	$	826
SRVGAS13NC	$	-
SRVGAS13SC	$	-
SRVGAS13TN	$	450
UTI3FFACT	$	(2,140)
UTI3FFEXC	$	353
UTI3FFFIN	$	250
UTI3FFGACT	$	640
UTI3FFLEG	$	3,851
UTICUSPAF	$	65
UTICUSPMT	$	16
UTISALENV	$	385
UTISALRAT	$	61
UTISYSSVR	$	10,269
Grand Total	$	7,769,800

Source: 5k_Other A&G Adj.xlsx, tab Other A&G Detail