

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>PIEDMONT NATURAL GAS</b>	)	
<b>COMPANY, INC. PETITION FOR AN</b>	)	
<b>ADJUSTMENT OF RATES, CHARGES,</b>	)	<b>DOCKET NO. 20-00086</b>
<b>AND TARIFFS APPLICABLE TO</b>	)	
<b>SERVICE IN TENNESSEE</b>	)	
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**PUBLIC DIRECT TESTIMONY**

**OF**

**DAVID N. DITTEMORE**

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**November 30, 2020**

**Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION FOR THE RECORD.**

**A1.** My name is David N. Dittmore. My business address is Office of the Tennessee Attorney General, John Sevier Building, 500 Dr. Martin L King Jr. Blvd., Nashville, TN 37243. I am a Financial Analyst employed by the Consumer Advocate Unit of the Tennessee Attorney General's Office (Consumer Advocate).

**Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND PROFESSIONAL EXPERIENCE.**

**A2.** I received a Bachelor of Science Degree in Business Administration from the University of Central Missouri in 1982. I am a Certified Public Accountant licensed in the state of Oklahoma (#7562). I was previously employed by the Kansas Corporation Commission (KCC) in various capacities, including Managing Auditor, Chief Auditor and Director of the Utilities Division. For approximately, four years I was self-employed as a Utility Regulatory Consultant representing primarily the KCC Staff in regulatory issues. I also participated in proceedings in Georgia and Vermont, evaluating issues involving electricity and telecommunications regulatory issues. Additionally, I performed a consulting engagement for Kansas Gas Service (KGS), my subsequent employer during this time frame. For eleven years I served as Manager, and subsequently, Director of Regulatory Affairs for KGS, the largest natural gas utility in Kansas serving approximately 625,000 customers. KGS is a division of One Gas, a natural gas utility serving approximately two million customers in Kansas, Oklahoma, and Texas. I joined the Tennessee Attorney General's Office in September 2017 as a Financial Analyst. Overall, I have thirty years of experience in the field of public utility regulation. Attached as Exhibit DND-1 is a detailed summary of my background.

**Q3. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION (TPUC)?**

**A3.** Yes. I have submitted testimony in a number of dockets before the Commission.

**Q4. WHAT ASPECTS OF THE FILING ARE ADDRESSING WITHIN YOUR TESTIMONY?**

**A4.** The outline of my Testimony is detailed below:

**I. Magnitude of Proposed Increase and Identification of Rate Increases Since Last Rate Base**

**II. Scope of Review**

**III. Comments Concerning the Company's Plan to Submit a Request for an Annual Rate Mechanism (ARM)**

**IV. Sponsored Adjustments**

1. Rate Base Adjustments

a. Deferred Pension Costs

b. Accumulated Deferred Income Taxes

c. Cash Working Capital

2. Other Revenue

a. HomeServe Program (Warranty Revenue)

b. Remove negative Revenue and Expense credits associated with certain Tax Cut and Jobs Act (TCJA) amortizations.

3. Operating Expenses Adjustments

a. Eliminate Severance Costs

b. Eliminate Out of Period Lease Costs

c. Eliminate Non-Recurring Employee Transition Costs (see 2-34)

d. Eliminate out of period Outside Service Costs

e. Eliminate costs associated with the provision of Electric Service

f. Eliminate Allocated Costs based upon Error Rate Calculation

g. Adjust Amortization of Deferred Pension Costs

1                   h. Eliminate and Adjust Certain Duke Energy Business Services (DEBS)  
2                   Allocated costs

3   **V.     Warranty Revenue - HomeServe Program**

4   **VI.    Deferred Accounting Orders Related to Environmental Cleanup Costs**

5   **I.     Magnitude of Proposed Increase and Identification of Rate Increases Since Last Rate**  
6       **Case**

7   **Q5.    WHAT IS THE OVERALL PERCENTAGE INCREASE IN BASE RATES**  
8       **SOUGHT IN THIS PROCEEDING FOR THE RESIDENTIAL CLASS?**

9   **A5.**   The Company is seeking a 23.9% increase in the rates of the Residential class.<sup>1</sup>

10   **Q6.    WHAT IS THE OVERALL PERCENTAGE INCREASE IN BASE RATES**  
11       **SOUGHT IN THIS PROCEEDING FOR ALL CLASSES?**

12   **A6.**   The \$29.9 million increase sought by the Company translates to a proposed increase in  
13       base rates of 19.8%.<sup>2</sup>

14   **Q7.    DO YOU HAVE CONCERNS WITH THE MAGNITUDE OF THE PROPOSED**  
15       **INCREASE IN THIS UNIQUE ECONOMIC CLIMATE?**

16   **A7.**   Yes. The sizeable increase proposed by the Company comes at a time of extremely high  
17       unemployment at least by recent standards.<sup>3</sup>

18   **Q8.    HAS THE COMPANY BEEN CONSISTENT ACROSS ITS SERVICE**  
19       **TERRITORY IN ITS TREATMENT OF CUSTOMERS WITH PAST DUE**  
20       **BALANCES DURING THE PANDEMIC?**

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<sup>1</sup> Direct Testimony of Kally Couzens at 13: 16-23 and Table 3A, TPUC Docket No. 20-00086 (July 2, 2020).

<sup>2</sup> *Id.*

<sup>3</sup> As of November 7, 2020, 7,221 Tennesseans filed new unemployment claims and 58,298 unemployment claims continued. Tennessee Unemployment Claims Data Week Ending on November 7, 2020, Tennessee Department of Workforce and Development (November 12, 2020) (information is publicly available at <https://www.tn.gov/workforce/covid-19/news/2020/11/12/tennessee-unemployment-claims-data.html>). See Also: [County Unemployment Rates Reach Historic Highs in Tennessee \(tn.gov\)](#) The economic impact from the pandemic is being currently be monitored by the Commission through monthly reports. Piedmont's most recent monthly report shows that 13,144 residential accounts and 1,246 non-residential accounts are currently delinquent. *Monthly Update of Piedmont Natural Gas company, Inc. November 16, 2020*, TPUC Docket No. 20-00047 (November 16, 2020).



1 **A8.** No. The Company offers extended payment plans of at least 12 months to its customers in  
2 North Carolina,<sup>4</sup> while customers with past due balances in Tennessee (and South Carolina)  
3 are offered repayment plans of no longer than six months.<sup>5</sup>

4 **Q9. WHILE THE COMPANY HAS NOT HAD A BASE RATE CHANGE SINCE 2011,**  
5 **HAVE PIEDMONT CUSTOMERS EXPERIENCED SIGNIFICANT RATE**  
6 **INCREASES SINCE THAT TIME ASSOCIATED WITH PIEDMONT**  
7 **OPERATIONS?**

8 **A9.** Yes. In Docket 17-00138 the Commission approved IMR rates designed to recover  
9 additional revenue totaling \$29,963,610.<sup>6</sup> When compared with total Operating Margin  
10 approved in TRA Docket No. 11-00144 of \$105,504,145<sup>7</sup>, the resulting IMR revenue  
11 represents an 28% rate increase in customer rates.

12 **II. Scope of Review**

13 **Q10. WHAT WAS YOUR SCOPE OF REVIEW IN THIS PROCEEDING?**

14 **A10.** The scope of my work included a review of cost allocations, the request for recovery of  
15 deferred pension costs (Rate Base and Expense), general test period expenses, implications  
16 of the TCJA on the Company's proposal, the appropriate balance of Accumulated Deferred  
17 Income Tax Liability (ADIT), and Cash Working Capital. I also address issues concerning  
18 the Company's assumption that it has a perpetual accounting order covering environmental  
19 and pension contributions and the implications of this case on the Company's ongoing IMR  
20 charge.

21 **III. Comments Concerning the Company's Plan to Submit a Request for an Annual Rate**  
22 **Mechanism (ARM)**

23 **Q11. HAS THE COMPANY REQUESTED APPROVAL OF AN ARM MECHANISM IN**

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<sup>4</sup> Piedmont's COVID-19 Response, North Carolina which is publicly available at <https://www.piedmontng.com/customer-service/covid-19/covid-19-nc-response>.

<sup>5</sup> Piedmont's COVID-19 Response, Tennessee, which is publicly available at <https://www.piedmontng.com/customer-service/covid-19/covid-19-tn-response>.

<sup>6</sup> Order, p. 12, TPUC Docket No. 17-00138 (August 2, 2018).

<sup>7</sup> Stipulation and Agreement, Attachment B, TRA Docket No. 11-00144 (December 21, 2011).

1           **THIS PROCEEDING?**

2   **A11.** No. However, it has signaled its intent to follow up this proceeding with a subsequent  
3       request for an ARM mechanism.<sup>8</sup>

4   **Q12. WHAT HAS THE COMPANY STATED REGARDING THE ARM MECHANISM**  
5       **IN THIS PROCEEDING?**

6   **A12.** In its Petition, the Company states:

7                   *Section II of this Petition initiates a general rate case, and Piedmont*  
8                   *specifically requests that in the course of the general rate case that the*  
9                   *Commission adopt and approve ratemaking methodologies sufficient to*  
10                  *enable implementation of an ARM pursuant to Tennessee code Annotated*  
11                  *Section 65-5-103(d)(6) upon subsequent application by Piedmont for*  
12                  *adoption of such an Annual Review Mechanism.*<sup>9</sup>

13 **Q13. HAS ANY WITNESS ADDRESSED THE COMPANY’S INTENTION TO BE**  
14 **REGULATED UNDER AN ARM MECHANISM?**

15 **A13.** Yes. Ms. Powers, in her testimony, comments that “[she finds] it important to note that  
16 T.C.A. Section 65-5-103(d)(6)(A) provides that a public utility opting into the annual rate  
17 review must do so ‘based upon the methodology adopted in its most recent rate case.’”<sup>10</sup>

18 **Q14. DO YOU AGREE WITH THE IMPLICATION THAT UTILITIES MAY SIMPLY**  
19 **ELECT TO BE REGULATED UNDER AN ARM MECHANISM?**

20 **A14.** No. In 2013, the then-Chairman of the Tennessee Regulatory Authority, James A. Allison,  
21 told a legislative committee that its intent was not to simply accept any request to be  
22 regulated under an ARM mechanism. Instead, Chairman Allison assured the legislative  
23 committee that there would need to be a finding that such a request was in the public  
24 interest.<sup>11</sup>

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<sup>8</sup> Direct Testimony of Pia K. Powers at 15:2 – 19:18.

<sup>9</sup> *Petition* at p. 5.

<sup>10</sup> Direct Testimony of Pia Powers at 19:6-9.

<sup>11</sup> More specifically, Chairman Allison stated that “alternative ratemaking procedures, all of them, are permissive and require a finding of the public interest like the Leader [Gerald McCormick] stated.” House Finance, Ways & Means Subcommittee at Time 9:54 – 10:28, HB0191 (March 13, 2013) (the video is publicly available at [http://tnga.granicus.com/MediaPlayer.php?view\\_id=269&clip\\_id=7407](http://tnga.granicus.com/MediaPlayer.php?view_id=269&clip_id=7407)).

1 **Q15. HAS THE COMPANY PROPOSED RATEMAKING METHDOLOGIES**  
2 **NECESSARY TO CONSIDER ADOPTION OF AN ARM MECHANISM?**

3 **A15.** No.

4 **Q16. DO YOU BELIEVE THE COMPANY SHOULD HAVE THE BURDEN TO**  
5 **IDENTIFY THE PROPOSED METHODOLOGIES THAT WOULD BE IN PLACE**  
6 **WITHIN AN ARM MECHANISM WITHIN ITS PETITION?**

7 **A16.** Yes.

8 **Q17. HAS THE COMPANY BEEN CONSISTENT IN ITS POSITION REGARDING**  
9 **THE NEXUS BETWEEN THIS CASE AND CONSIDERATION OF AN ARM**  
10 **MECHANISM?**

11 **A17.** No. The Company is requesting recovery of consultant costs associated with the ARM in  
12 the amount of [REDACTED].<sup>12</sup> However, when questioned about the magnitude of risk  
13 associated with a utility operating under an ARM, relative to the appropriate Return on  
14 Equity (ROE) to be awarded in this case, it declined to provide a meaningful response,  
15 indicating the Company has not yet filed a specifical proposal of its ARM.<sup>13</sup> The request  
16 to recover [REDACTED] of consultant costs associated with the ARM mechanism should be  
17 rejected consistent with the Company's belief that any meaningful discussion of the ARM  
18 is premature and not an appropriate topic in this case as contained in its response to  
19 Consumer Advocate DR 2-38.

20 **Q18. DO YOU BELIEVE THE COMPANY WOULD BENEFIT FROM A REDUCTION**  
21 **IN RISK ASSOCIATED WITH IMPLEMENTATION OF AN ARM**  
22 **MECHANISM?**

23 **A18.** Yes. This view is shared by then-Commission Chairman Roberson, who indicated before  
24 a legislative committee in 2009 that implementation of ARM legislation would lower the

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<sup>12</sup> *Petition* at MFR 12, file "5B\_DefrateCase Adj", filed under seal.

<sup>13</sup> Piedmont's Response to Consumer Advocate DR 2-38.

1 risk for the company resulting in a 25-50 basis point reduction in risk.<sup>14</sup>

2 **Q19. DO YOU BELIEVE THAT A REDUCTION IN ROE SHOULD BE REFLECTED**  
3 **IN THE ROE AUTHORIZED BY THE COMMISSION IN THIS PROCEEDING IN**  
4 **ANTICIPATION OF IMPLEMENTATION OF AN ARM BY THE COMPANY?**

5 **A19.** Yes. I recommend the Commission factor in the Company's intent to request an ARM  
6 mechanism into its determination of an appropriate ROE in this proceeding, which would  
7 justify adoption of an ROE in the lower-end of the range supported by Consumer Advocate  
8 witness Dr. Klein.

9 **Q20. IS IT A CERTAINTY THAT PIEDMONT WILL RECEIVE APPROVAL FOR AN**  
10 **ARM?**

11 **A20.** No. However, my understanding is that the ROE adopted within an ARM mechanism must  
12 be the same as was adopted in the utilities' last rate proceeding. Thus, this case represents  
13 the opportunity to properly identify the appropriate ROE should Piedmont gain approval  
14 of an ARM mechanism, especially in the wake of Piedmont notifying the Commission and  
15 Consumer Advocate that it intends to make such a request.

16 **IV. Sponsored Adjustments**

17 **Q21. DO YOU HAVE A SCHEDULE IDENTIFYING ADJUSTMENTS YOU ARE**  
18 **SPONSORING?**

19 **A21.** Yes. The adjustments I am sponsoring are set forth in Workpaper DND-Sum.

20 **(1) Rate Base Adjustments**

21 **Q22. PLEASE EXPLAIN THE FIRST ADJUSTMENT TO RATE BASE YOU ARE**

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<sup>14</sup> House Commerce Committee at Time 39:11 – 39:15, HB1349 (May 5, 2009) (the video is publicly available at [http://tnga.granicus.com/MediaPlayer.php?view\\_id=77&clip\\_id=1406](http://tnga.granicus.com/MediaPlayer.php?view_id=77&clip_id=1406)). Specifically, Chairman Eddie Roberson stated that the “lower the risk of the Company, which I believe, we’ve had testimony before this at the Authority, will reduce the rates of the Company anywhere from 25-50 basis points.” *Id.*

1           **SUPPORTING.**

2   **A22.** Rate Base Adjustment No. 1 reduces Rate Base by \$10,097,785 by eliminating deferred  
3       debits associated with Pension funding.

4   **Q23. WHAT IS THE BASIS FOR THIS EXCLUSION?**

5   **A23.** There are several factors supporting exclusion of the Company's request. First, the  
6       Company's request to recover its deferred debit balance is duplicated with its request to  
7       recover the balance within its Pension and OPEB claim within its Revenue Requirement  
8       Summary. Second, the Company, through discovery, was unable to confirm that its  
9       contributions were necessary to avoid Pension Benefit Guarantee Corporation (PBGC)  
10      insurance premiums.<sup>15</sup> Essentially, the Company did not meet its burden of proof that  
11      such contributions were necessary. Next, the Company's claim primarily involves  
12      pension contributions made a number of years ago, associated with a stand-alone  
13      Piedmont pre-acquisition by Duke (in other words, a company that no longer exists), for a  
14      pension plan that has been substantially modified from the date contributions were  
15      made. And the claim relies upon regulatory orders that are silent regarding the eligibility  
16      to include such contributions in Rate Base.

17      Further, the contributions for which the Company claims inclusion in Rate Base have  
18      contributed to an [REDACTED] pension plan which is producing significant pension expense  
19      credits that have accrued to the benefit of Piedmont shareholders, representing a situation  
20      where ratepayers bear the costs of such contributions while shareholders reap the benefits  
21      of an overfunded pension plan.

22   **Q24. FIRST TURN TO THE ISSUE OF THE DUPLICATION OF REQUESTS FOR**  
23      **INCLUSION OF PENSION CONTRIBUTIONS IN RATE BASE. HOW HAS THE**  
24      **COMPANY DUPLICATED ITS RATE BASE REQUESTS RELATED TO**  
25      **PENSION ASSETS?**

26   **A24.** The Company has acknowledged it has duplicated its request to recover pension  
27      contributions in its response to Consumer Advocate DR 2-10 between pension related

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<sup>15</sup> Piedmont's Response to Consumer Advocate DR 2-7, filed under seal.

1 amounts found in its “Working Capital\_adj” file and amounts found within its file  
2 “5B\_DefPension Amort adj”, both of which are rolled up into its claim for Working Capital  
3 Recovery. The Company stated that:

4 *Piedmont confirms that the Company’s cash contributions to the pension*  
5 *fund result in an increase to the Fair Value of Assets. Pension contributions*  
6 *should not have been reflected in both schedules (tabs D & F).*

7 Mr. Novak is sponsoring the Consumer Advocate’s Adjustment to the Company’s request  
8 to recover accrued Pension assets in Rate Base. Notwithstanding the evidence presented  
9 by Mr. Novak related to the recovery of accrued pension assets in Rate Base, these balances  
10 should not be recovered in both the Deferred Debit balance as well as the accrued Pension  
11 Asset balances.

12 **Q25. HAVE YOU REVIEWED THE ACTUARIAL REPORTS OF PIEDMONT**  
13 **NATURAL GAS’ PENSION PLANS FOR THE PERIOD 2017 – 2019?**

14 **A25.** Yes. [REDACTED]

15 [REDACTED]<sup>16</sup>

16 **Q26. WHAT HAS BEEN THE PENSION EXPENSE BALANCE FOR THE YEARS 2017**  
17 **– 2020?**

18 **A26.** The table below identifies the accrued pension costs by year for the period 2017 – 2020.

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<sup>16</sup> *Petition* at MFR 37, filed under seal, and Piedmont’s Response to Consumer Advocate DR 2-31, filed under seal.

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TABLE 2

Piedmont Natural Gas Pension Expense			
Source: Response to Consumer Advocate 1-69			
		Allocation	Tennessee
Year	Amount	Factor	Portion
2017	\$ 9,839,388	17%	\$ 1,672,696
2018	(3,075,715)	17%	\$ (522,872)
2019	(7,334,401)	17%	\$ (1,246,848)
2020	(5,603,424)	17%	\$ (952,582)
			\$ (1,049,606)

2

3 As noted in the table, the expense credits have been substantial since the 2016 Duke  
4 acquisition.

5 **Q27. ARE THE PORTION OF THE CREDITS IDENTIFIED ABOVE INCLUDED AS A**  
6 **REDUCTION TO O&M EXPENSES WITHIN THIS RATE FILING TO THE**  
7 **BENEFIT OF RATEPAYERS?**

8 **A27.** No. However, I agree with this regulatory treatment given the Commission precedent to  
9 allow recovery of cash contributions in the ratemaking process rather than accrued  
10 expenses (or credits). While I agree with the Company's elimination of these expense  
11 credits for ratemaking purposes, the existence of these credits is relevant when considering  
12 whether legacy pension contributions should be included in Rate Base and amortized as a  
13 Pension Cost recoverable from ratepayers.

14 **Q28. WHAT IS THE FINANCIAL IMPLICATION OF THE EXPENSE CREDITS ON**  
15 **THE BOOKS OF PIEDMONT?**

16 **A28.** These credits have increased the reported Net Income of Piedmont/Duke Energy.

17 **Q29. DURING THE PERIOD OF THESE SIGNIFICANT PENSION EXPENSE**  
18 **CREDITS, WHAT HAS BEEN THE EMBEDDED LEVEL OF PENSION**  
19 **EXPENSE RECOVERED IN RATES?**

**A29.** The Company has been recovering an annual expense from ratepayers associated with pension contribution amortization from the last proceeding of \$2,686,343. This amount is based upon a previously adopted deferred pension account balance of \$21,490,746.<sup>17</sup>

**Q30. WHAT HAS BEEN THE ANNUAL CONTRIBUTION TO THE PENSION PLAN SINCE PIEDMONT'S LAST RATE PROCEEDING?**

**A30.** The Tennessee portion of the annual contributions are as follows:<sup>18</sup>

2012	\$	3,356,000
2013	\$	3,590,000
2014	\$	1,807,000
2015	\$	1,716,000
2016	\$	1,734,000
2017	\$	1,898,600

**Q31. IS THERE A NEXUS BETWEEN THE LEVEL OF PENSION CONTRIBUTIONS AND THE LEVEL OF PENSION EXPENSE RECORDED BY A COMPANY?**

**A31.** Yes. There are a number of factors that impact the resulting level of pension expense recorded on a company's books pursuant to Generally Accepted Accounting Principles (ASC 715), including the level of pension funding, the return earned on pension plan assets, and the status of changes in how pension credits are earned. Other factors include variances between the actual and forecasted actuarial assumptions embedded within the pension expense calculation. Certainly, the level of pension funding plays an important role in the calculation of pension expense, and the significant funding made by the stand-alone Piedmont entity in 2012-2017 has contributed to the pension expense credits enjoyed by Duke's shareholders today. Left unchecked, the regulatory construct proposed by the Company whereby all pension contributions are included in Rate Base as well as amortized as an expense for ratemaking purposes and the resulting accrued pension expense credits are assigned to shareholders creates an unhealthy incentive to overfund the pension plan. Taken to its conclusion, Piedmont would have ratepayers pay a return on all pension funding, plus amortize all such funding regardless of its size as an expense. To the extent

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<sup>17</sup> *Petition* at MFR 12 file "5B\_DefPension Amort Adj".

<sup>18</sup> *Id.*



1 overfunding occurs, its shareholders would retain the benefit of such excess funding in the  
2 form of expense credits.

3 **Q32. HAVE THERE BEEN ANY MAJOR CHANGES TO THE PIEDMONT PENSION**  
4 **PLAN SINCE THE COMPANY WAS ACQUIRED BY DUKE?**

5 **A32.** Yes. Piedmont employees hired prior to January 1, 2008, who previously participated in  
6 the Piedmont Pension Plan (Retirement Plan of Piedmont Natural Gas Company Inc.), had  
7 their pension benefit accrued as of December 31, 2017, frozen and merged into the Duke  
8 Energy Retirement Cash Balance Plan (RCBP).<sup>19</sup> This modification is significant in that  
9 no further liabilities will accrue under the Piedmont Pension Plan.

10 **Q33. HAVE YOU REVIEWED THE ORDERS THE COMPANY IS RELYING UPON**  
11 **TO SUPPORT RATE BASE INCLUSION OF THE LEGACY PIEDMONT**  
12 **PENSION CONTRIBUTIONS?**

13 **A33.** Yes.

14 **Q34. HAVE YOU SEEN ANYTHING IN THESE ORDERS WHICH REQUIRE RATE**  
15 **BASE RECOGNITION ASSOCIATED WITH PENSION FUNDING?**

16 **A34.** No. In TRA Docket No. 96-00977, the agency stated the following:

17 *Further, the Authority will permit the Company to establish a deferred asset*  
18 *for the difference between the amount of funded pension expense recognized*  
19 *in the Company's last rate case – in this case, zero – and the amount of*  
20 *pension expense funded in the future. In future rate cases, the amount of*  
21 *funded expense that has been deferred will be recognized and rates*  
22 *awarded to recover it.”<sup>20</sup>*

23 **Q35. IS THERE ANOTHER COMMISSION ORDER WHICH REFLECTS THE**  
24 **COMMISSION'S POSITION REGARDING COLLECTION OF PENSION**  
25 **FUNDING IN RATES?**

26 **A35.** Yes. In TRA Docket No. 99-00994, the agency stated:

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<sup>19</sup> Piedmont's Response to Consumer Advocate DR 1-69.

<sup>20</sup> *Order Clarifying 'Order of February 19, 1997'; Denying Motions for Reconsideration; Dismissing Motion to Strike; and Denying Motion for Stay*, p. 4, TRA Docket No. 96-00977 (June 9, 1997). A copy of this order was provided in Piedmont's Response to Consumer Advocate DR 2-6.

1           *The Authority also approved the Stipulation with a final proviso. The*  
2           *Authority's decision permitting the amortization of deferred pension costs*  
3           *does not indicate in any way that the Authority is abandoning the rationale*  
4           *for the treatment of pension costs as announced in its Orders of February*  
5           *19, 1997 and June 9, 1997 in Docket No. 96-00977. In that proceeding, the*  
6           *Authority responded to the fact that the Company's pension plan could drop*  
7           *below a fully funded position before the Company's next rate filing by*  
8           *allowing the establishment of a deferred regulatory asset and future*  
9           *recovery. Nevertheless, the Authority has not abandoned the basic and*  
10           *sound regulatory goal of matching current expenses with current*  
11           *ratepayers. To the extent that the Company's future pension expenses*  
12           *continue to surpass fully funded levels, the Authority will act appropriately*  
13           *to match current expenses with current ratepayers, notwithstanding its*  
14           *actions here.*<sup>21</sup>

15           The Company's proposal to recover an amortized portion of legacy pension contributions  
16           from as far back as 2012 does not provide the appropriate principle of matching illustrated  
17           in the agency's statement above.

18   **Q36. HAS THE COMPANY DEMONSTRATED THAT CONTRIBUTIONS IT HAS**  
19   **CLAIMED FOR RATE BASE RECOGNITION HAVE BEEN REQUIRED TO**  
20   **MAINTAIN A FULLY FUNDED PENSION PLAN?**

21   **A36.** No. The Company was unable to substantiate the minimum pension funding levels for the  
22           period 2012 – 2016; therefore, the contributions made during this period should not be  
23           recovered from ratepayers.<sup>22</sup>

24   **Q37. WHAT IS THE CURRENT FUNDING STATUS OF PIEDMONT'S PENSION**  
25   **PLAN?**

26   **A37.** A review of MFR 37 (Confidential) indicates that the current Piedmont pension plan is  
27           [REDACTED] Its Benefit Obligation at the end of 2019 was [REDACTED], contrasted with

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<sup>21</sup> *Order Approving Application*, pp. 4-5, TRA Docket No. 99-00994 (July 18, 2000). A copy of this order was provided in Piedmont's Response to Consumer Advocate DR 1-85, Attachment 2 of 4.

<sup>22</sup> Piedmont's [REDACTED]

1 its pension plan asset values of [REDACTED] million at the end of the year, producing [REDACTED]

2 [REDACTED]<sup>23</sup>

3 **Q38. WHAT IS THE DEFINITION OF AN [REDACTED] PENSION PLAN?**

4 **A38.** [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 **Q39. IS YOUR ADJUSTMENT CONSISTENT WITH COMMISSION PRECEDENT**

8 **REGARDING THE TREATMENT OF PENSION ASSETS?**

9 **A39.** Yes. In TPUC Docket No. 18-00017, regarding recognition of Pension assets in Rate Base,

10 the Commission stated:

11 *The Consumer Advocate, however, states that pension and OPEB expenses*

12 *should be limited to cash contributions only, which results in no accrued*

13 *assets in this case. Mr. Novak correctly testified that the Commission has*

14 *a long-established ratemaking policy of only allowing rate recovery of the*

15 *minimum required contribution for pension and OPEB expenses.*<sup>24</sup>

16 The application of this finding in the present situation means that amortization of these

17 funds as expenses that were in excess of those required to maintain minimum funding

18 levels would not be recoverable in rates, and thereby excluded from Rate Base.

19 Additionally, in TRA Docket No. 96-0977, the agency addressed the treatment of an

20 overfunded pension plan. In pertinent part, the order states:

21 *The Advocate proposes that the pension expense be excluded from the*

22 *Company's request. The Advocate correctly demonstrated that the*

23 *Company's plan is fully funded, and no contribution is necessary at this*

24 *time. For this reason, the Authority finds that to appropriately match the*

25 *Company's current pension expense with its current ratepayers, the*

26 *minimum required contribution should be adopted as the current pension*

27 *expense. Since the pension plan is fully funded, the Company's minimum*

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24 Amended Order, p. 44, TPUC Docket No. 18-00017 (January 15, 2019).

1                   *required contribution for this case is zero dollars (\$0), therefore the*  
2                   *Authority adopts this dollar amount for the Company's pension expense.*<sup>25</sup>

3           As stated earlier in my testimony, the Company has not demonstrated that these earlier  
4           contributions qualify under the Commission's standard for pension related rate recovery,  
5           much less for Rate Base recognition.

6   **Q40. HOW DID YOU QUANTIFY YOUR ADJUSTMENT TO RATE BASE?**

7   **A40.** [REDACTED]  
8   [REDACTED]  
9   [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]           The  
13       calculations underlying this adjustment may be found in Workpapers DND-RB-1 through  
14       DND-RB 1.2.

15 **Q41. THE COMPANY REFERENCES ITS RELIANCE UPON HISTORIC**  
16 **ACCOUNTING ORDERS TO JUSTIFY ITS DEFERRAL OF LEGACY PENSION**  
17 **CONTRIBUTIONS. DO YOU HAVE A RECOMMENDATION CONCERNING**  
18 **WHETHER THE COMMISSION SHOULD SANCTION THE DEFERRAL OF**  
19 **ONGOING PENSION COSTS?**

20 **A41.** Yes, I do not agree with the Company's proposal. The Commission should explicitly  
21       terminate the Accounting Order relied upon by Piedmont to defer pension contributions on  
22       its books and records on a prospective basis. There are several reasons for this. First, as  
23       mentioned above, there has been a dramatic modification to Piedmont's pension plans. The  
24       new plan is a cash funded plan and such funding amounts are included in this case and have  
25       not been adjusted by the Consumer Advocate. Therefore, it is uncertain whether future  
26       traditional pension funding may even be required. Second, it is not appropriate to provide  
27       blanket authorization and deferral of any pension contribution regardless of the specific

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<sup>25</sup> Order, p. 14, TRA Docket No. 96-00977 (February 19, 1997). A copy of this order was provided in Piedmont's Response to Consumer Advocate DR 1-86.

<sup>26</sup> Piedmont's Response to Consumer Advocate DR 2-7, filed under seal.

1 facts of a case, including the funding status of the pension plan and the amount of funding  
2 relative to ERISA and PBGC funding requirements. A clear statement that Piedmont  
3 should no longer defer pension contributions absent a specific finding by the Commission  
4 does not prevent Piedmont from submitting a new request to the Commission containing  
5 evidence of why such a deferral is in the public interest. Finally, I do not believe the  
6 agency's Final Order in TRA Docket No. 99-00994 clearly binds parties to such an  
7 approach regarding recovery of these expenses, especially in this specific situation where  
8 an acquisition has occurred (*i.e.*, the order pertains to a Company that no longer exists), the  
9 accrual of pension benefits have been frozen, and the current plan is [REDACTED]<sup>27</sup> All of  
10 these factors may be further evaluated in a subsequent request by Piedmont in the event it  
11 elects to seek deferred accounting authorization.

12 **Q42. PLEASE CONTINUE WITH AN EXPLANATION OF THE NEXT ADJUSTMENT**  
13 **TO RATE BASE.**

14 **A42.** The adjustment located in Workpapers DND RB 2 through DND RB 2.3 reduces attrition  
15 period Rate Base by \$3,324,640. This adjustment is necessary to eliminate certain book/tax  
16 timing differences from the ADIT balances that are either unrelated to the provision of  
17 Piedmont's Tennessee operations (South Carolina Bonus Depreciation Adjustment), or are  
18 not consistent with the regulatory treatment of that item in Rate Base or Operating Margin  
19 (accrued pension costs). Further, the adjustment eliminates the test year average balance  
20 of the Net Operating Loss asset as such balance is reduced to zero in December 2019; thus,  
21 the asset balance is non-recurring in the attrition period. The entire listing of excluded  
22 items, which are a subset of the Company's proposed ADIT balance within Rate Base, is  
23 shown in Workpaper DND RB 2.3.

24 **Q43. PLEASE TURN TO THE FINAL ADJUSTMENT YOU ARE SPONSORING TO**  
25 **CASH WORKING CAPITAL.**

26 **A43.** The Cash Working Capital calculations are reflected in Consumer Advocate Exhibits 3 and  
27 4. As reflected on line 5 of Consumer Advocate Exhibit 4, the Cash Working Capital  
28 recommended by the Consumer Advocate is \$12,213,496. When compared with the

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<sup>27</sup> See above Dittimore Direct Testimony at 14:24 – 15:2.

1 Company's proposal of \$9,935,993, this represents an increase in Rate Base of \$2,277,503.  
2 The balance of the proposed Cash Working Capital reflects the impacts of Attrition period  
3 balances of Rate Base, Revenues, and Expenses supported by the Consumer Advocate in  
4 this Docket.

5 **(2) Other Revenue**

6 **Q44. NOW TURN TO YOUR ADJUSTMENT TO WARRANTY REVENUE AND**  
7 **EXPLAIN WHY THIS INFORMATION IS APPROPRIATE FOR**  
8 **CONSIDERATION.**

9 **A44.** My first revenue adjustment reflects Warranty Revenue, net of Home Warranty Operating  
10 Expenses, as an above the line item, which increases attrition period Operating Revenue  
11 by \$2,617,065. This adjustment is reflected in Workpapers DND-Rev-1 through DND-  
12 Rev-1.2.

13 **Q45. HOW ARE THESE WARRANTY REVENUES GENERATED BY PIEDMONT?**

14 **A45.** Piedmont has partnered with HomeServe<sup>28</sup> to offer warranty service on natural gas lines as  
15 well as certain natural gas appliances. Piedmont earns a commission when customers  
16 initiate or renew these warranty plans through HomeServe. This third-party entity receives  
17 personal customer information from Piedmont to initiate contact with Piedmont's customer  
18 base. The first step in the process of generating the revenue stream involves Piedmont's  
19 sharing of personal information<sup>29</sup> of its customer base that it has obtained via its status as  
20 a government-sanctioned monopoly. Essentially, Piedmont is monetizing personal  
21 customer information for private gain.

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<sup>28</sup> A Customer mailing includes the following language regarding the relationship of Piedmont and its warranty partners (A copy of a Customer mailing is attached as Exhibit DND-5):

*HomeServe USA Repair Management Corp. (HomeServe), with corporate offices located at 601 Merrit 7, 6<sup>th</sup> Floor, Norwalk, CT 06851, is an independent company separate from Piedmont Natural Gas and offers this optional service plan as an authorized representative of the contract issuer, National Home Repair Warranty, Inc., 59 Maiden Lane, 43<sup>rd</sup> Floor, New York, NY 10038. Your choice of whether to participate in the service plan will not affect the price, availability, or terms of service from Piedmont Natural Gas.*

<sup>29</sup> Customer information shared with Home Serve includes name, secondary name, mailing address, city, state, mailing zip, service address and phone number. Piedmont's Response to Consumer Advocate DR 2-28.

1 **Q46. WHAT ROLE DOES PIEDMONT PLAY IN THIS PROCESS?**

2 **A46.** My review of contractual language<sup>30</sup> and the limited operational expenses charged to this  
3 function<sup>31</sup> lead me to conclude that Piedmont's role in the generation of this revenue is a  
4 passive one; thus, the primary benefit Piedmont brings to the partnership is access to its  
5 monopoly customer base. In pertinent part, the Home Service USA Service Plan  
6 Agreement identifies Home Service responsibilities to include:

7 *Home Service shall have the exclusive right to market, sell and operate the*  
8 *Program in accordance with the Service Standards and applicable laws.*<sup>32</sup>

9 Therefore, Home Service is providing most of the resources in this partnership.

10 **Q47. ARE YOU AWARE OF ANY PROHIBITION IN TENNESSEE THAT WOULD**  
11 **PREVENT A UTILITY FROM SHARING PERSONAL CUSTOMER**  
12 **INFORMATION WITH A THIRD PARTY?**

13 **A47.** No.

14 **Q48. WHY DO YOU BELIEVE ALL OF THE REVENUE GENERATED BY**  
15 **PIEDMONT IN THIS ENDEAVOR SHOULD FLOW BACK TO THE BENEFIT**  
16 **OF RATEPAYERS?**

17 **A48.** I do not believe the Commission should provide a financial incentive to Piedmont through  
18 retention of margins generated from the sharing of personal customer information to a third  
19 party without the customers' knowledge and express consent. Permitting Piedmont to  
20 retain any portion of these revenues would provide such an incentive, which I do not  
21 believe to be in the public interest.

22 **Q49. DO YOU HAVE FURTHER TESTIMONY OUTLAYING YOUR CONCERNS**  
23 **WITH THIS PROGRAM?**

24 **A49.** Yes. I have additional concerns with the warranty program, which I will address later in

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<sup>30</sup> Piedmont's Response to Consumer Advocate DR 2-24, filed under seal.

<sup>31</sup> Piedmont's Response to Consumer Advocate DR 1-61 and also contained in Workpaper DND-Rev-1.1

<sup>32</sup> Piedmont's Response to Consumer Advocate DR 2-24, Attachment 2, ¶ 4.1.

1 my testimony.

2 **Q50. IDENTIFY AND DISCUSS THE NEXT ADJUSTMENT YOU ARE SPONSORING**  
3 **TO REVENUE.**

4 **A50.** My second Revenue adjustment increases Revenue by \$9,333,186 and increases Income  
5 Tax Expense by \$5,802,018 from that proposed by the Company by properly eliminating  
6 the impacts of TCJA credits from the Revenue Requirement.

7 **Q51. WHY ARE SUCH ADJUSTMENTS NECESSARY?**

8 **A51.** The Company identifies Attrition Period Sale and Transportation of Gas Revenue as  
9 \$202,921,922.<sup>33</sup> This amount is also set forth in Piedmont Exhibit KAC-3, Column L. As  
10 the column header indicates, this balance is net of the negative revenue associated with the  
11 flowback of certain unprotected excess ADIT credits and deferred liabilities. These  
12 revenue credits are associated with the reduction in the federal Income Tax rate during the  
13 interim period from January 1, 2018 through the implementation date reflecting such  
14 expense reduction in base rates.<sup>34</sup>

15 **Q52. WHAT IS THE EFFECT OF THE COMPANY'S CALCULATION OF PRO-**  
16 **FORMA REVENUE BASED UPON THE REDUCTION IN REVENUE**  
17 **ASSOCIATED WITH CERTAIN OF THE TCJA CREDITS?**

18 **A52.** This \$9,333,186 reduction in pro forma revenue has the effect of understating the revenue  
19 currently generated by base rates and overstates the revenue deficiency associated with  
20 Piedmont's Tennessee operations.

21 **Q53. WHY IS IT INAPPROPRIATE TO REFLECT THESE TAX CREDITS WITHIN**  
22 **PRO-FORMA REVENUE AS PROPOSED BY PIEDMONT?**

23 **A53.** These credits are temporary and will terminate at such point that the previously defined

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<sup>33</sup> *Petition*, Piedmont Revenue Requirement Summary file, Line 1, column 3.

<sup>34</sup> To clarify, this adjustment is not impacted by the base rate reduction identified in Paragraph 12a of the Settlement in TPUC Docket 18-00040, which relates to ongoing income tax expense savings. Instead, this adjustment refers to tax savings accruing from January 1, 2018 through August 6, 2019, the date of the Commission order approving the Settlement. *Order Approving Stipulation and Partial Settlement Agreement and Adjudicating Contested Issues Presented by the Parties*, TPUC Docket No. 18-00040 (August 6, 2019).



1 amounts are fully refunded to customers, designed to be three years from implementation  
2 pursuant to the provisions of the Settlement Agreement between the parties and approved  
3 by the Commission in an Order dated August 6, 2019.<sup>35</sup> The effect of these temporary  
4 credits should not be used as an element to determine the gross revenue requirement of the  
5 Company and subsequently incorporate into permanent base rates.

6 **Q54. IS THERE AN EXPENSE ADJUSTMENT NECESSARY TO PROPERLY**  
7 **ELIMINATE THE IMPACT OF CERTAIN ASPECTS OF THE TCJA WITHIN**  
8 **THE COMPANY'S REVENUE REQUIREMENT?**

9 **A54.** Yes. The other portion of adjustment increases Income Tax Expense by \$5,802, 018 as set  
10 forth in Workpaper DND-Rev-2.2. This adjustment is necessary to eliminate those tax  
11 expense credits the Company has reflected in the case associated with the amortization of  
12 Excess Unprotected ADIT. The Company has reflected a total of \$6,877,608 in Income  
13 Tax Expense reductions associated with amortization of both Protected and Unprotected  
14 Excess ADIT. The portion of these amortizations related to Unprotected Excess ADIT  
15 should be removed for identical reasons to that of associated negative revenue's removal.  
16 These credits have been defined by the Commission, and the Company is ordered to  
17 continue returning the credits until fully extinguished, projected to be three years from  
18 implementation. As such, the credits' impacts on both revenues and expenses should not  
19 be factored into the calculation of new base rates. The net of this expense adjustment is to  
20 leave the \$1,075,590 Income Tax Expense credit in place related to the amortization of  
21 Protected Excess ADIT.

22 **Q55. WHY SHOULD THE CREDITS ASSOCIATED WITH UNPROTECTED EXCESS**  
23 **ADIT AND PROTECTED EXCESS ADIT BE TREATED DIFFERENTLY**  
24 **WITHIN THE COMPANY'S REVENUE REQUIREMENT?**

25 **A55.** The distinction between the appropriate treatment of the two types of Excess ADIT is that  
26 the Unprotected Excess ADIT credits are set forth in a separate rate and intended to  
27 terminate within three years. Meanwhile, the credit associated with Protected Excess  
28 ADIT is to be flowed back to ratepayers at the earlier of new base rates or at the expiration

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<sup>35</sup> *Id.*

of the amortization of Excess Unprotected ADIT within the base rates of the Company.<sup>36</sup> The Excess Unprotected ADIT balances have not been fully returned to ratepayers at this time; therefore, this proceeding is the first opportunity to flow back Protected ADIT to ratepayers. The projected ADIT amortization extends over a very long period and thus, there is no specific true-up provision of such balances as was adopted in the provisions of the Settlement Agreement between the parties in TPUC Docket No. 18-00040.

### (3) Operating Expenses Adjustments

**Q56. CAN YOU PROVIDE A TABLE SUMMARIZING THE VARIOUS ADJUSTMENTS TO ADMINISTRATIVE AND GENERAL COSTS SPONSORED BY THE CONSUMER ADVOCATE?**

**A56.** Yes. The table below sets out the Consumer Advocate adjustments to A&G costs as well as the witness sponsoring each adjustment:

Table 1 - Reconciliation of Consumer Advocate Attrition Period A&G Costs				
Item	Amount	Reference	Witness Sponsor	
<b>Attrition Period Forecast Before Adjustment</b>	\$ 23,100,623	Workpaper E-40-1.00	Novak	
Less Elimination of Piedmont calculated lobbying expenses	\$ (61,821)	Workpaper E-40-1.00	Novak/Piedmont	
Less: Elimination of Severance Costs	\$ (96,110)	Workpaper DND-Exp 1	Dittmore	
Less: Elimination of Out-of-Period Costs (CA2-16)	\$ (129,402)	Workpaper DND-Exp 2	Dittmore	
Less: Elimination of Employee Transition Costs	\$ (382,079)	Workpaper DND-Exp 3	Dittmore	
Less: Elimination of Out-of-Period Costs (CA2-22)	\$ (46,461)	Workpaper DND-Exp-4	Dittmore	
Less: Elimination of Costs Improperly Allocated to Tennessee	\$ (54,913)	Workpaper DND-Exp-5	Dittmore	
Less: Elimination of Calculated Costs Improperly Allocated to T	\$ (202,123)	Workpaper DND-Exp-6	Dittmore	
Less: Adjustment to Properly Reflect Deferred Pension Contribu	\$ (4,024,982)	Workpaper DND Exp -7	Dittmore	
Less: Adjustment to Properly Reflect DEBS Asset Allocation C	\$ (134,558)	Workpaper DND Exp -8	Dittmore	
Less: Elimination of DEBS Depreciation Expense Allocation	\$ (1,803,342)	Workpaper DND Exp -9	Novak	
Less: Elimination of Incentive Compensation Costs	\$ (1,677,948)	Workpaper AB-1	Bradley	
Less: Elimination of Lobbying Costs	(54,665)	Workpaper AB-2	Bradley	
<b>Net Attrition Period Forecast</b>	<b>\$ 14,432,218</b>			

**Q57. NOW TURN TO YOUR ADJUSTMENTS TO OPERATING EXPENSES AND BEGIN BY PROVIDING AN EXPLANATION FOR YOUR FIRST ADJUSTMENT.**

<sup>36</sup> *Id.* at p. 16.

1 **A57.** My first adjustment to Operating Expenses increases operating margins by [REDACTED]

2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED] The support for this adjustment is contained in Workpaper DND Exp 1 and 1.1  
7 (Confidential).

8 **Q58. PLEASE CONTINUE WITH AN EXPLANATION OF EXPENSE ADJUSTMENT**  
9 **2.**

10 **A58.** Adjustment 2 increases operating margins by \$129,402 by eliminating [REDACTED]

11 [REDACTED]  
12 [REDACTED] This information is set forth in Workpaper DND Exp-2 and 2.1 and  
13 is based upon information provided in MFR 40 as well as the response to Consumer  
14 Advocate DR 2-16. [REDACTED]  
15 [REDACTED]

16 [REDACTED] Since these costs relate to a period prior to the test period, they  
17 should be excluded from pro forma test period and attrition period costs.

18 **Q59. CONTINUE WITH AN EXPLANATION OF THE THIRD EXPENSE**  
19 **ADJUSTMENT YOU ARE SUPPORTING.**

20 **A59.** The third adjustment I am sponsoring increases attrition period operating margins by  
21 \$382,079 by eliminating costs associated with the transition of employee pension benefits  
22 from the Piedmont Pension plan to the Duke cash pension plan. These costs were initiated  
23 in 2017 with a three-year vesting and thus terminate effective December 31, 2020. Since  
24 these costs are non-recurring, it is not appropriate to incorporate such costs within the  
25 revenue requirement. The support for this adjustment is set forth in Workpapers DND  
26 Exp-3 and 3.1.

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<sup>37</sup> Piedmont's Response to Consumer Advocate DR 1-59, portion filed under seal.

**Q60. TURN TO THE FOURTH ADJUSTMENT YOU ARE SPONSORING AND EXPLAIN WHY IT IS NECESSARY.**

**A60.** The adjustment identified on Workpaper DND Exp-4 increases operating margins by \$46,461 by eliminating expenses that were recorded in the test period, but which relate to services performed in December 2018. Costs incurred prior to the test period should be excluded for purposes of determining an appropriate revenue requirement for the Company. The support for this adjustment is evident from a review of Piedmont's Response to Consumer Advocate DR 2-22 (Confidential).

**Q61. PLEASE CONTINUE WITH AN EXPLANATION OF THE FIFTH OPERATING EXPENSE ADJUSTMENT YOU ARE SPONSORING.**

**A61.** My fifth adjustment increases operating margins by \$54,913 by eliminating expenses allocated to Piedmont-Tennessee related to services provided to the electric operating companies of Duke Energy. The support for this adjustment may be found on Workpaper DND Exp-5 and 5.1 (Confidential). The initial source for the specific invoices is contained in Piedmont's Response to Consumer Advocate DR 1-71 (Confidential).

**Q62. WHAT WERE THE NATURE OF ELECTRIC SERVICES ALLOCATED TO PIEDMONT-TENNESSEE OPERATIONS?**

**A62.** In general, these costs involved outside vendors conducting [REDACTED]

**Q63. PROVIDE THE BACKGROUND INFORMATION SURROUNDING HOW YOU IDENTIFIED THESE ELECTRIC COSTS CHARGED TO PIEDMONT'S TENNESSEE OPERATIONS.**

**A63.** MFR 14 provides a listing of all outside services charged to Piedmont-Tennessee. The Company responded with two separate tabs, one containing outside services which are directly charged to Piedmont-Tennessee and the other list is those vendors whose costs are allocated to Piedmont-Tennessee. I reviewed this file and, within the allocated file, I selected nine transactions (out of a total of 6,876 lines of cost details) to sample supporting

1 invoice details.<sup>38</sup> The response supporting these nine line items included a total of seventy-  
2 eight invoices. The point here is that, with the size and scope of the operations of Duke  
3 Energy, it is very challenging to assess the accuracy of the Company's cost allocation  
4 process.

5 **Q64. HOW MANY OF THE INVOICES THAT WERE PROVIDED WITHIN YOUR**  
6 **NINE SAMPLED ITEMS DID YOU FIND TO BE IMPROPERLY CHARGED TO**  
7 **TENNESSEE OPERATIONS?**

8 **A64.** Of the nine sampled line items, one contained costs erroneously charged to Piedmont-  
9 Tennessee operations. Twenty-five of the invoices supporting the one item contained  
10 amounts erroneously charged to Piedmont-Tennessee operations. In other words, the  
11 twenty-five invoices at issue all rolled up to one of the nine-line items sampled by the  
12 Consumer Advocate.

13 **Q65. HAS THE COMPANY AGREED WITH YOUR CONCLUSIONS THAT THE**  
14 **SAMPLED INVOICES WERE IMPROPERLY CHARGED TO TENNESSEE**  
15 **OPERATIONS?**

16 **A65.** The Company has confirmed that a number of the invoices contained within the adjustment  
17 I am sponsoring were inadvertently charged to Piedmont's Tennessee operations.<sup>39</sup> I  
18 requested confirmation of some of the larger invoices contained in the sample. As  
19 referenced in the notations contained in Workpaper DND Exp-5.1 (Confidential), the  
20 excluded invoices are related to electric operations. These invoices are highlighted from  
21 those provided in Piedmont's Response to Consumer Advocate DR 1-71 (Confidential).

22 **Q66. ARE YOU CONFIDENT THAT YOU IDENTIFIED THE ENTIRE POPULATION**  
23 **OF O&M EXPENSES THAT WERE IMPROPERLY CHARGED TO PIEDMONT-**  
24 **TENNESSEE OPERATIONS?**

25 **A66.** No. It would be quite a stretch in logic to conclude that there are no other costs which are  
26 improperly allocated to Piedmont-Tennessee operations contained in this filing and that

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<sup>38</sup> The detail also contains a significant number of lines of credits which may offset certain charges within the file, so the likely number of transactions is less than 6,876, but without question there are a significant number of transactions which are charged to Piedmont-Tennessee.

<sup>39</sup> Piedmont's Responses to Consumer Advocate DRs 3-37, 3-38, 3-40, 3-41, 3-42 and 3-43.

our small sample request just happened to include the only charges that were allocated to Tennessee in error. While the nominal amount of improperly charged costs as identified in Workpaper DND Exp-5 are not significant in terms of the total Piedmont-Tennessee cost of service, these errors are concerning from the standpoint of the error rate as a percent of the sampled population and could be an indication of other issues in the allocation of cost beyond those contained in MFR-14.

**Q67. ARE YOU SUPPORTING ANY OTHER ADJUSTMENT RELATED TO THE SAMPLED INVOICES ERRONEOUSLY CHARGED TO PIEDMONT-TENNESSEE OPERATIONS?**

**A67.** Yes. Adjustment 6 increases operating margins by \$202,123 by applying the error ratio of sampled items pertaining to the cost allocation pool in which the errors were identified. As contained in Workpaper DND Exp-6 through 6.2, I developed an error rate of the sampled items as a component of the requested line item in MFR 14. I then applied that error rate to the total test period costs within that cost pool to arrive at the appropriate adjustment. This adjustment extrapolating the error rate to the cost pool in which the errors occurred is appropriate.

**Q68. BASED UPON THE INVOICE SAMPLING AS SET FORTH IN DISCOVERY REQUEST 1-71, ARE YOU CONCERNED WITH THE ACCURACY OF THE COST ALLOCATION PROCESS?**

**A68.** Yes.

**Q69. HAVE YOU REVIEWED THE COMPANY'S COST ALLOCATION MANUAL?**

**A69.** Yes. I believe the Cost Allocation Manual provides sufficient detail and sets out appropriate cost allocation methodologies. However, my concern is whether such policies are being followed by Duke Energy. Page 17 of the Cost Allocation Manual (CAM) sets out the following requirements (among others):<sup>40</sup>

*1. Cross-subsidies involving DEC, DEP, or Piedmont and Duke Energy, other Affiliates, or the Nonpublic Utility Operations are prohibited.*

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<sup>40</sup> Piedmont's Response to Consumer Advocate DR 1-57, Attachment 2 of 7, p. 17.

1                   2.       *All costs incurred by personnel or representatives of DEC, DEP, or*  
2                   *Piedmont for or on behalf of Duke Energy, other Affiliates, or the Nonpublic*  
3                   *Utility Operations shall be charged to the entity responsible for the costs.*

4           The sampling issue coupled with the language found in the CAM raises the question of  
5           whether the Company is following the terms of its own CAM. This is a challenging issue  
6           to determine in the context of a large rate increase request involving a multi-state utility  
7           such as Duke (especially when considering that this is Duke's first general rate case before  
8           TPUC).

9   **Q70. PLEASE CONTINUE WITH A DISCUSSION OF THE SEVENTH OPERATING**  
10   **EXPENSE YOU ARE SPONSORING.**

11   **A70.** Adjustment No. 7 reduces Pension Amortization by \$4,024,982 as reflected in Workpaper  
12       DND Exp-7 and 7.1. The magnitude of this adjustment reflects the elimination of legacy  
13       funding that was not supported by the Company. In computing this adjustment, I have  
14       used the same methodology as contained in the Company's adjustment. I simply  
15       eliminated the additional funding amounts discussed earlier in my testimony and amortized  
16       the resulting negative balance over a three-year period, resulting in an attrition period  
17       amortization of (\$70,655). The negative amortization amount to be built into rates reflects  
18       the fact that the Company has expensed and recovered in rates amounts in excess of that  
19       level of funding subject to amortization from the last rate proceeding.

20   **Q71. IN THE EVENT THE COMMISSION REJECTS YOUR EARLIER PROPOSAL**  
21   **TO ELIMINATE PRIOR PERIOD FUNDING IN THE CALCULATION OF**  
22   **PENSION EXPENSE, DO YOU HAVE AN ALTERNATIVE**  
23   **RECOMMENDATION REGARDING THE APPROPRIATE AMORTIZATION**  
24   **PERIOD TO USE?**

25   **A71.** Yes. The Company has proposed to amortize its \$11.8 million balance as of January 1,  
26       2021 over a three-year period.<sup>41</sup> Given that these contributions were made as early as 2012  
27       and contain the sum of contributions over the past nine years<sup>42</sup>, and coupled with the  
28       magnitude of the Company's proposed unamortized balance and the significant impact

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<sup>41</sup> *Petition* at MFR12 file "5B\_DefPension Amort Adj", summary tab.

<sup>42</sup> Workpaper DND-RB-1.2

1 from this rate filing, I recommend a ten-year amortization of these costs in the event the  
2 Commission rejects my recommendation to eliminate recovery of the Company's  
3 contributions for the period 2012 – 2016.

4 **Q72. PLEASE CONTINUE WITH AN EXPLANATION OF OPERATING EXPENSE**  
5 **ADJUSTMENT 8 YOUR ARE SPONSORING.**

6 **A72.** Adjustment 8 increases operating margins by \$134,558 by reducing corporate cost  
7 allocations to reflect the rate of return proposed by Dr. Klein (\$50,881) and to eliminate  
8 the allocated return on DEBS pension assets (\$77,703). The application of the amount of  
9 adjustment to the Attrition Period factor yields an attrition period adjustment of \$134,558.  
10 The details supporting this adjustment may be found in Schedules DND Exp-8 through 8.3.

11 **Q73. HOW DOES THE PROPOSED RATE OF RETURN SUPPORTED BY THE**  
12 **CONSUMER ADVOCATE IMPACT THE LEVEL OF COSTS ALLOCATED**  
13 **FROM DEBS TO PIEDMONT'S TENNESSEE OPERATIONS?**

14 **A73.** The Company receives an allocation of costs from its affiliate DEBS calculated based upon  
15 a return on the assets the Company claims are devoted to providing utility service and are  
16 recorded on the books of DEBS. Mr. Novak discusses an adjustment to Depreciation  
17 Expense associated with these assets in his testimony.<sup>43</sup> My adjustment replaces the rate  
18 of return utilized by the Company of 8.65%<sup>44</sup> used in recording such costs on their books  
19 with the pre-tax return of 8.00%, incorporating the 9.3% return on equity proposed by Dr.  
20 Klein.<sup>45</sup>

21 **Q74. WHY DO YOU BELIEVE THE RETURN ON PENSION ASSETS SHOULD BE**  
22 **EXCLUDED FROM THE ALLOCATION OF DEBS COSTS TO PIEDMONT?**

23 **A74.** The company has provided no justification for the nature of the DEBS pension assets,  
24 including whether they represent funding necessary to meet minimum requirements or  
25 whether these are simply non-cash accrued assets on the books of DEBS. The Company  
26 has further failed to provide any visibility as to the nature of these funds. More importantly,

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<sup>43</sup> Direct Testimony of William H. Novak at 27:18 – 32:17.

<sup>44</sup> Piedmont's Response to Consumer Advocate DR 1-67.

<sup>45</sup> Workpaper DND Exp-8.2.



1 as contained in the testimony of Mr. Novak<sup>46</sup>, these types of assets have not historically  
2 been included by TPUC in Rate Base. The effect of attributing a return to these assets in  
3 the form of an allocated expense is equivalent to incorporating the asset in Rate Base.  
4 There is simply no justification for requiring ratepayers to incur an expense based upon the  
5 balance of DEBS pension assets.

6 **Q75. DO YOU HAVE ANY OTHER ADJUSTMENTS YOU HAVE QUANTIFIED?**

7 **A75.** Yes. Mr. Novak supports the elimination of DEBS Depreciation Expense from this case  
8 as explained in his testimony. I have quantified this adjustment increasing Operating  
9 Margin \$1,803,342 as set forth in Workpapers DND Exp-9 and 9.1.

10 **V. Warranty revenue – HomeServe**

11 **Q76. CAN YOU PROVIDE FURTHER DISCUSSION OF YOUR CONCERNS WITH**  
12 **THE WARRANTY PROGRAM JOINTLY OFFERED BY THE COMPANY AND**  
13 **A THIRD-PARTY WARRANTY PROVIDER?**

14 **A76.** Yes, I have several concerns with the program. Foremost, the Company is sharing  
15 customers' personal information with a third party without their knowledge or express  
16 consent.<sup>47</sup>

17 **Q77. TO YOUR KNOWLEDGE, IS THE COMPANY VIOLATING ANY COMMISSION**  
18 **RULE OR LAW IN THIS TRANSFER OF PERSONAL INFORMATION?**

19 **A77.** No, although I do not believe this practice is in the public interest, there are no violations  
20 associated with this practice this to my knowledge.

21 **Q78. WHY ARE YOU CONCERNED WITH THE COMPANY PROVIDING**  
22 **CUSTOMER INFORMATION TO A THIRD PARTY?**

---

<sup>46</sup> Direct Testimony of William H. Novak at 40:17 – 42:8.

<sup>47</sup> Piedmont's Response to Consumer Advocate DR 2-28.

1 **A78.** The distinction between Piedmont and other entities who operate in a competitive setting  
2 is that customers have no choice in doing business with Piedmont. The Company is a state-  
3 sanctioned monopoly. If a customer does not care for a non-regulated company's privacy  
4 policy or its use of customer information in the competitive arena, the customer may  
5 discontinue his patronage. Piedmont customers do not have the option of discontinuing  
6 service.

7 **Q79. HOW DOES PIEDMONT MONETIZE CUSTOMER INFORMATION?**

8 **A79.** [REDACTED]

15 **Q80. DOES PIEDMONT PERFORM THE BILLING FOR THESE WARRANTY**  
16 **SERVICES?**

17 **A80.** Yes.

18 **Q81. HOW ARE WARRANTY SERVICE CHARGES REFLECTED ON A**  
19 **SUBSCRIBING CUSTOMER'S BILL?**

20 **A81.** The warranty charge is identified separately on customer bills, along with regulated natural  
21 gas charges.<sup>51</sup>

22 **Q82. ARE YOU AWARE OF OTHER REGULATORY PROCEEDINGS INVOLVING**  
23 **CUSTOMER PRIVACY ISSUES?**

48 [REDACTED]

<sup>49</sup> Piedmont's Response to Consumer Advocate DR 2-24, Attachment 2, pp. 3-4.

<sup>50</sup> Piedmont's Response to Consumer Advocate DR 1-61 – Attachment.

<sup>51</sup> Piedmont's Response to Consumer Advocate DR 2-25 –Attachment

1 **A82.** Yes. There are two regulatory proceedings in other states I wish to bring to the  
2 Commission's attention.

3 Exhibit DND-2 is a rulemaking proceeding conducted by the Public Service Commission  
4 of South Carolina in which the agency proposes to add a regulation pertaining to the  
5 protection of jurisdictional public utility customer data. The rationale for the rulemaking  
6 is stated as follows:

7 *Currently, no regulation exists which governs the protection of customer*  
8 *data in the custody of public utilities. To protect the public interest, a*  
9 *regulation should be promulgated which outlines the appropriate*  
10 *parameters and standards regarding a public utility's use of customer*  
11 *data.*<sup>52</sup>

12 Exhibits DND-3<sup>53</sup> and DND-4<sup>54</sup> contain a Kansas Corporation Commission (KCC) Staff  
13 Memorandum and KCC Order respectively concerning a customer complaint against a  
14 Kansas electric utility for tariff violations involving the sale of customer information to  
15 HomeServe. Regarding the marketing of Westar of the HomeServe warranty program, the  
16 Commission found:

17 *While the unauthorized selling of customer information violates the tariff,*  
18 *the Commission is particularly troubled that Westar essentially leveraged*  
19 *its relationship with its customers to promote a third-party vendor To*  
20 *Westar customers, HomeServe's marketing material appears to be from*  
21 *Westar as it is accompanied by a letter from Westar, identifying the*  
22 *program as a Westar initiative to educate its customers on their*  
23 *maintenance responsibilities. Only after a careful reading of the mailer*

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<sup>52</sup> *Verification of Filing with the South Carolina Legislative Council, Rulemaking Proceeding for the Purpose of Promulgating a Regulation to Help Prevent the Potential for Misleading Advertisements by Prohibiting the Sale of Customer Data by Regulated Utilities Absent a Customer's Direct Consent*, Public Service Commission of South Carolina, Docket No. 2019-387-A (November 18, 2020) (a copy of this verification is located at <https://dms.psc.sc.gov/Attachments/Matter/f3546828-8090-4afe-a235-c0717d25682d>).

<sup>53</sup> *Notice of Filing of Staff's Report and Recommendation*, State Corporation Commission of the State of Kansas, Docket No. 15-WSEE-509-COM (October 13, 2016) (a copy of this notice is publicly available at <https://estar.kcc.ks.gov/estar/portal/kscc/page/docket-docs/PSC/DocketDetails.aspx?DocketId=5fa86f4d-695b-460c-ad92-a714eb2de3d7>).

<sup>54</sup> *Order Assessing Fines for Tariff Violations*, State Corporation Commission of the State of Kansas, Docket No. 15-WSEE-509-COM (November 2, 2017) (a copy of this order is publicly available at <https://estar.kcc.ks.gov/estar/ViewFile.aspx/20171102103927.pdf?Id=a06b0430-7ad2-4fcb-b1e9-ad6d42f94533>)

1                   *does it become clear that the insurance offering is from HomeServe, not*  
2                   *Westar.*<sup>55</sup>  
3

4           The KCC's 2017 order concludes by directing its Staff to file a report and recommendation  
5           on steps to protect customer privacy.

6           I wish to be clear - I am not suggesting or implying that Piedmont has violated its tariff or  
7           any Commission rule. It has not, to my knowledge. My point is to emphasize that other  
8           state regulatory agencies have taken action to safeguard customer information, and I  
9           propose that this Commission undertake similar measures. For instance, the KCC has  
10          adopted tariff language for the state's largest electric utility which prohibits the sharing of  
11          customer account information with HomeServe without obtaining customer consent, and I  
12          believe doing so in Tennessee would be in the public interest.

13   **Q83. DO YOU HAVE A COPY OF THE CUSTOMER MAILER REFERENCED IN THE**  
14   **KCC ORDER?**

15   **A83.** No. However, the conclusion contained within the Kansas order attached as Exhibit DND-  
16          4 is applicable to Piedmont's mailer.

17   **Q84. DO YOU HAVE A COPY OF A CUSTOMER MAILER REFERRED TO ABOVE?**

18   **A84.** Yes. Attached as Exhibit DND-5 is a mailer identical to the customer mailer I received. I  
19          am concerned that a typical subscriber may have made their decision due to a  
20          misunderstanding or lack of knowledge of what is and is not their financial responsibility  
21          as it relates to repair of a natural gas service line on their property.

22   **Q85. PLEASE POINT TO LANGUAGE IN EXHIBIT DND-5 THAT HIGHLIGHTS**  
23   **YOUR CONCERN.**

24   **A85.** One concern with the language in the mailer centers around the lack of clarity concerning  
25          the demarcation point where the customer's responsibility lies with respect to service line  
26          repairs. In discovery, Piedmont states that absent a customer violating the Underground  
27          Utility Damage Prevention Act, the utility is financially responsible for repairs of service

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<sup>55</sup> *Id.* at p. 4, ¶ 13.

1 lines from the Main to the Meter.<sup>56</sup> However, this distinction is not clear in the following  
2 sentence of the mailer:

3 *Without this optional non-regulated coverage, you may have to pay*  
4 *hundreds of dollars to repair or replace the gas lines on your property if a*  
5 *breakdown occurs.*<sup>57</sup>  
6

7 Another phrase that is confusing under the heading “What am I responsible for” is the  
8 following:

9 *Just as you have always been responsible for the water pipes and electrical*  
10 *wiring in your home, as a homeowner, you are also responsible for your*  
11 *gas line up to your utility’s responsibility.*<sup>58</sup>

12 My concern is that customers will not understand the definition of “utility’s responsibility.”

13 **Q86. IN YOUR OPINION IS PIEDMONT’S ROLE IN THIS PROGRAM CLEAR**  
14 **WITHIN THE CUSTOMER MAILING?**

15 **A86.** No. The mailer comes in an envelope with a non-color version of Piedmont’s logo.  
16 Language in the first page of the mailer includes that “...which Piedmont Natural Gas has  
17 selected to make available to eligible customers.” The reader will likely assume that this  
18 warranty program is provided by Piedmont.

19 **Q87. DO YOU HAVE ANY OTHER CONCERNS WITH THE MAILER?**

20 **A87.** Yes. On the acceptance page, the new subscriber is requested to sign an acknowledgement  
21 that states the following in pertinent part:

22 *I agree Piedmont Natural Gas may share my name, postal address, and*  
23 *account number with Home Serve.*<sup>59</sup>  
24

25 This statement implies that only upon signed authorization will this information be shared  
26 with HomeServe. However, all customers of Piedmont-Tennessee have their name,

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<sup>56</sup> Piedmont’s Response to DR 1-75. An example of such a customer violation would be if the customer caused damage during a dig-in when he/she did not first obtain line locates or when such marked and due to customer carelessness the service line was damaged. A close review of the exclusionary language contained in Exhibit DND-5 is the warranty would not cover damage due to accident or negligence.

<sup>57</sup> Exhibit DND-5 at p. 1, last sentence, first full paragraph.

<sup>58</sup> *Id.* at p. 2 under “What am I responsible for?”

<sup>59</sup> *Id.* at p. 5.

addresses, and phone numbers shared with HomeServe whether a customer provides written authorization subscribing to the service or not.<sup>60</sup>

Another concern is with the use of the Piedmont logo both on the mailing envelope and the inside message, which leads the reader to believe the mailer is sent directly from and on behalf of Piedmont. In reality, the mailer is sent at the behest of HomeServe.

Finally, language in the mailer indicates the Gas Line Coverage from HomeServe has been selected by Piedmont to be made available to customers. While the Consumer Advocate is concerned with the sharing of private customer information, to the extent such information sharing is permitted, should the Company have all control and have the authority to limit it to only those vendors it selects, thus impacting the competitive marketplace for home warranty products? This appears to also be outside of the public interest.

**Q88. HAS THE CONSUMER ADVOCATE IDENTIFIED ITS CONCERNS WITH HOMESERVE IN OTHER PROCEEDINGS BEFORE THE COMMISSION?**

**A88.** Yes. The Consumer Advocate filed a letter with the agency identifying its concerns involving a HomeServe warranty program involving Kingsport Power.<sup>61</sup>

**Q89. WHAT IS YOUR RECOMMENDATION REGARDING CUSTOMER PRIVACY ISSUES SURROUNDING THIS PROGRAM?**

**A89.** I recommend that the Commission open an investigation to determine whether Piedmont, as well as any jurisdictional utility, should be permitted to share personal customer information with a non-regulated entity for monetary gain and without the consent of the customer. And as discussed earlier, I recommend all such net margins resulting from Piedmont's relationship with HomeServe be credited to the Company's revenue requirement.

**VI. Deferred Accounting orders related to environmental cleanup costs**

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<sup>60</sup> Piedmont's Response to Consumer Advocate DR 2-28.

<sup>61</sup> Letter from the Consumer Advocate to Chairman Herbert H. Hilliard, TRA Docket No. 15-00064 (September 30, 2015).

1 **Q90. PLEASE IDENTIFY THE ACCOUNTING ORDERS THE COMPANY HAS**  
2 **RELIED UPON WITHIN THIS PROCEEDING.**

3 **A90.** The Company has relied upon accounting orders to defer on its books as a regulatory asset  
4 costs associated with pension funding and environmental expenditures. I have discussed  
5 my recommendation to terminate any Commission authority the Company believes it has  
6 to defer pension costs on its books as discussed earlier in my testimony. The Company has  
7 the opportunity, if it elects to do so, to petition the Commission for approval to defer  
8 subsequent pension contributions if it believes appropriate given its current status of its  
9 pension plans.

10 **Q91. DO YOU HAVE CONCERNS WITH THE CONTINUATION OF THE**  
11 **ACCOUNTING ORDER RELATED TO ACCOUNTING FOR**  
12 **ENVIRONMENTAL COSTS?**

13 **A91.** Yes.

14 **Q92. FIRST BEGIN BY DISCUSSING THE RELEVANT ACCOUNTING ORDER**  
15 **UNDERLYING THE COMPANY'S DEFERRAL OF ENVIRONMENTAL COSTS.**

16 **A92.** In response to Consumer Advocate DR 1-85 requesting copies of orders that the Company  
17 relies upon in its accounting for deferred environmental costs, the Company provided four  
18 Commission orders, including three rate case orders and an initial order permitting deferral  
19 of such costs from 1992.<sup>62</sup> This initial order provides the Commission's reasoning at the  
20 time the deferral was created. The Commission's order does not guarantee future recovery  
21 of the Company's environmental costs.

22 **Q93. ARE YOU SUPPORTING ANY ADJUSTMENT TO THE COMPANY'S REQUEST**  
23 **TO RECOVER AN AMORTIZED PORTION OF ITS ENVIRONMENTAL**  
24 **COSTS?**

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<sup>62</sup> Order, *In re: Piedmont Natural Gas Company – Request for Approval of Special Accounting for Environmental Assessment and Cleanup Costs*, TPSC Docket No. 92-16160 (December 21, 1992) A copy of this order was provided in Piedmont's Response to Consumer Advocate DR 1-85, Attachment 1.

1 **A93.** No. However, such costs are relatively small in this proceeding, but indications from the  
2 Company's books and records suggest such costs are anticipated to grow dramatically in  
3 the coming years.<sup>63</sup>

4 **Q94. WHAT LANGUAGE IN THE 1992 ORDER DO YOU WISH TO HIGHLIGHT<sup>64</sup>?**

5 **A94.** The order references conclusions that I believe are pertinent in the current situation in  
6 which there is a likelihood of greatly rising environmental costs in the future.

7 *We, therefore, approve Piedmont's request subject to the following or*  
8 *similar language being included in Piedmont's financial statements:*

9 *'Authorizing past cleanup expenses as a regulatory asset does not*  
10 *mean the Commission will authorize the Company to recover all*  
11 *or part of these expenses from future ratepayers. It simply says*  
12 *the Commission will consider this in a rate case when the*  
13 *Commission will have evidence concerning the total amount of the*  
14 *cleanup cost, who is responsible for the cleanup costs, and the*  
15 *fairness of passing this cost on to ratepayers.'*<sup>65</sup>

16 I think the Commission should continue to support this approach to recovery of any  
17 deferred environmental costs and should remind the Company that it bears the burden of  
18 proof in providing evidence that such cost recovery is in the public interest.

19 **Q95. WAS THERE A DISSENTING OPINION RENDERED IN THAT CASE THAT**  
20 **YOU BELIEVE IS RELEVANT TO THE COSTS LIKELY FACING THE**  
21 **COMPANY REGARDING ENVIRONMENTAL CLEANUP COSTS?**

22 **A95.** Yes. Chairman Steve Hewlett issued the following language:

23 *Currently, the Company's actual cleanup costs are small, consequently*  
24 *there is no reason to postpone recognizing those expenses. When and if a*  
25 *significant liability materializes, as a part of a rate case or otherwise, the*  
26 *Commission should revise the evidence and arguments at that time and*

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<sup>63</sup> Piedmont's Response to Consumer Advocate DR 3-26 identifies an environmental liability balance of \$4,202,658 and represents an estimate of future cash expenditures.

<sup>64</sup> *Order, In re: Piedmont Natural Gas Company – Request for Approval of Special Accounting for Environmental Assessment and Cleanup Costs*, TPSC Docket No. 92-16160 (December 21, 1992) A copy of this order was provided in Piedmont's Response to Consumer Advocate DR 1-85, Attachment 1.

<sup>65</sup> *Id.* at pp. 4-5.



1           *make a decision regarding the appropriateness of deferring the cost as an*  
2           *asset and passing the cost on to the ratepayers.*<sup>66</sup>

3           This statement from nearly thirty years ago now appears quite relevant in light of the  
4           Company's recent accounting activity cited above.

5           The Consumer Advocate has not proposed an adjustment to either the level of Rate Base  
6           associated with environmental costs or to the amortization of costs as an expense in this  
7           proceeding. However, we reserve the right to further review our recommendations in this  
8           area in future cases, especially given the likelihood of significant cost increases signaled  
9           within the Company's accounting records. This is an area that will likely require additional  
10          regulatory focus in the coming years and the Commission should require the Company to  
11          proactively address the status of its environmental activity and period costs in future  
12          proceedings in which rate increases are sought.

13   **Q96. PLEASE SUMMARIZE YOUR RECOMMENDATIONS IN THIS CASE.**

14   **A96.** I recommend the following:

- 15          1.     The Commission should make clear to the Company that any subsequent approval  
16                 to enter into an ARM mechanism should be based upon a finding that the regulatory  
17                 treatment provided to Piedmont is in the public interest and that the Company has  
18                 the burden of proof in supporting that conclusion.
- 19          2.     The Commission, in approving the implementation of interim rates, should ensure  
20                 the appropriate coordination of the Company's base rate increase with the  
21                 termination of its IMR surcharge, save for the true-up portion of the charge.
- 22          3.     The Commission should adopt the adjustments to the Company's attrition period  
23                 Rate Base, Revenue, and Expenses that I support earlier in my testimony.
- 24          4.     The Commission should terminate the provisions contained in its order in TPUC  
25                 Docket No. 96-00977 permitting the Company to defer pension funding on its  
26                 books and records. The Company's pension plans are significantly different than  
27                 at the time such Accounting Order was authorized. To the extent the Company

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<sup>66</sup> *Id.* at Dissenting Opinion, p. 7.

1 believes an accounting order authorizing deferral of pension funding is appropriate  
2 it may petition the Commission to obtain such approval based upon the specific  
3 facts and circumstances it faces today.

4 5. The Commission should adopt an authorized ROE in the lower end of the range  
5 supported by Dr. Klein given the potential that the Company will seek and  
6 eventually receive an ARM mechanism.

7 6. The Commission should open an investigation to determine whether sharing of  
8 personal customer information with third parties for the sole purposes of generating  
9 income is in the public interest.

10 7. The Commission should re-endorse its position stated in its 1992 Accounting Order  
11 in TPUC Docket No. 92-16160 and confirm that such environmental cost deferrals  
12 do not imply such costs will necessarily be recoverable in Rate Base or as Operating  
13 Expenses in subsequent rate proceedings.

14 **Q97. DOES THIS CONCLUDE YOUR TESTIMONY?**

15 **A97.** Yes, however I reserve the right to supplement my testimony if new information becomes  
16 available.

IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE

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

AFFIDAVIT

I, David N. Dittmore on behalf of the Consumer Advocate Unit of the  
Attorney General's Office, hereby certify that the attached Direct Testimony  
represents my opinion in the above-referenced case and the opinion of the  
Consumer Advocate Unit.

David N. Dittmore  
DAVID N. DITTEMORE

Sworn to and subscribed before me  
this \_\_\_\_ day of \_\_\_\_\_, 2020.

11/25/2020

Terra Allen  
NOTARY PUBLIC

TERRA ALLEN  
Tennessee Notary Public  
Online Notary Public  
Hickman County, State Of Tennessee  
My Commission Expires Sep 28, 2022

My commission expires: \_\_\_\_\_



**David Dittmore**

**Experience**

**Areas of Specialization**

Approximately thirty-year experience in evaluating and preparing regulatory analysis, including revenue requirements, mergers and acquisitions, utility accounting and finance issues and public policy aspects of utility regulation. Presented testimony on behalf of my employers and clients in natural gas, electric, telecommunication and transportation matters covering a variety of issues.

Tennessee Attorney General's Office; **Financial Analyst September, 2017 – Current**  
Responsible for evaluation of utility proposals on behalf of the Attorney General's office including water, wastewater and natural gas utility filings. Prepare analysis and expert witness testimony documenting findings and recommendations.

Kansas Gas Service; **Director Regulatory Affairs 2014 – 2017; Manager Regulatory Affairs, 2007 - 2014**

Responsible for directing the regulatory activity of Kansas Gas Service (KGS), a division of ONE Gas, serving approximately 625,000 customers throughout central and eastern Kansas. In this capacity I have formulated strategic regulatory objectives for KGS, formulated strategic legislative options for KGS and led a Kansas inter-utility task force to discuss those options, participated in ONE Gas financial planning meetings, hired and trained new employees and provided recommendations on operational procedures designed to reduce regulatory risk. Responsible for the overall management and processing of base rate cases (2012 and 2016). I also played an active role, including leading negotiations on behalf of ONE Gas in its Separation application from its former parent, ONEOK, before the Kansas Corporation Commission. I have monitored regulatory earnings, and continually determine potential ratemaking outcomes in the event of a rate case filing. I ensure that all required regulatory filings, including surcharges are submitted on a timely and accurate basis. I also am responsible for monitoring all electric utility rate filings to evaluate competitive impacts from rate design proposals.

Strategic Regulatory Solutions; 2003 -2007

**Principal;** Serving clients regarding revenue requirement and regulatory policy issues in the natural gas, electric and telecommunication sectors

Williams Energy Marketing and Trading; 2000-2003

**Manager Regulatory Affairs;** Monitored and researched a variety of state and federal electric regulatory issues. Participated in due diligence efforts in targeting investor owned electric utilities for full requirement power contracts. Researched key state and federal rules to identify potential advantages/disadvantages of entering a given market.

MCI WorldCom; 1999 - 2000

**Manager, Wholesale Billing Resolution;** Manage a group of professionals responsible for resolving Wholesale Billing Disputes greater than \$50K. During my tenure, completed disputes increased by over 100%, rising to \$150M per year.

Kansas Corporation Commission; 1984- 1999

**Utilities Division Director** - 1997 - 1999; Responsible for managing employees with the goal of providing timely, quality recommendations to the Commission covering all aspects of natural gas, telecommunications and electric utility regulation; respond to legislative inquiries as requested; sponsor expert witness testimony before the Commission on selected key regulatory issues; provide testimony before the Kansas legislature on behalf of the KCC regarding proposed utility legislation; manage a budget in excess of \$2 Million; recruit professional staff; monitor trends, current issues and new legislation in all three major industries; address personnel issues as necessary to ensure that the goals of the agency are being met; negotiate and reach agreement where possible with utility personnel on major issues pending before the Commission including mergers and acquisitions; consult with attorneys on a daily basis to ensure that Utilities Division objectives are being met.

**Asst. Division Director** - 1996 - 1997; Perform duties as assigned by Division Director.  
**Chief of Accounting** 1990 - 1995; Responsible for the direct supervision of 9 employees within the accounting section; areas of responsibility included providing expert witness testimony on a variety of revenue requirement topics; hired and provided hands-on training for new employees; coordinated and managed consulting contracts on major staff projects such as merger requests and rate increase proposals;

**Managing Regulatory Auditor, Senior Auditor, Regulatory Auditor** 1984 - 1990; Performed audits and analysis as directed; provided expert witness testimony on numerous occasions before the KCC; trained and directed less experienced auditors on-site during regulatory reviews.

Amoco Production Company 1982 - 1984

**Accountant** Responsible for revenue reporting and royalty payments for natural gas liquids at several large processing plants.

### Education


- B.S.B.A. (Accounting) Central Missouri State University
- Passed CPA exam; (Oklahoma certificate # 7562) – Not a license to practice

Board Member, Financial Research Institute – 2007 - 2017

To initiate General Assembly review the following verification must be signed and returned to the Clerk of the State Register

VERIFICATION

This certifies that I have reviewed the text of this document and determined that, with the stricken text deleted and the new text incorporated, the text reads as the agency intends it to read.

November 18, 2020   
Date Reviewing Officer

Document No. 4969  
**PUBLIC SERVICE COMMISSION**  
CHAPTER 103  
Statutory Authority: 1976 Code Section 58-3-140

103-823.2. Protection of Customer Data. (New)

**Synopsis:**

The Public Service Commission of South Carolina proposes to add a regulation which pertains to protection of jurisdictional public utility customer data. On November 27, 2019, the Office of Regulatory Staff (ORS) filed a Petition for Rulemaking with the Public Service Commission “for the purpose of promulgating a regulation to help prevent the potential for misleading advertisements by prohibiting the sale of customer data by regulated utilities absent a customer’s direct consent.” In its November 27, 2019, Petition for Rulemaking, the Office of Regulatory Staff noted that “[o]n November 25, 2019, in a regularly scheduled Commission Business Meeting, Commissioner Ervin addressed an article filed in *The State* newspaper regarding the sale of customer information from one regulated utility to an outside third party, which then proceeded to use that information to attempt to sell insurance by way of mail marketing.”

In the ORS’s Petition for Rulemaking, it stated that “the protection of the public interest requires that the Commission hold a rulemaking proceeding to determine appropriate parameters and standards regarding a utility’s use of customer data.” ORS further recommended in its Petition that “the regulations regarding a utility’s ability to sell customers’ data be examined. ORS recommend[ed] the Commission consider regulations to apply to all regulated utilities that help prevent the potential for misleading advertisements by prohibiting the sale of customer data by regulated utilities absent a customer’s consent.” After the ORS filed its Petition for Rulemaking “for the purpose of promulgating a regulation to help prevent the potential for misleading advertisements by prohibiting the sale of customer data by regulated utilities absent a customer’s direct consent”, the Commission issued Order Number 2019-877 on December 18, 2019. In Order Number 2019-877, the Commission approved the ORS’s request to initiate a rulemaking, and the Commission opened a docket for this rulemaking. On December 20, 2019, the ORS filed its Proposed Regulation to Protect Customer Data with the Public Service Commission.

The Notice of Drafting regarding this regulation was published on January 24, 2020, in the *State Register*, Volume 44, Issue 1.

**Instructions:**

Print the regulation as shown below.

**Text:**

## 103-823.2. Protection of Customer Data.

### A. Definitions of Key Terms.

(1) **Aggregated Data.** The term “aggregated data” means customer data, alone or in combination with non-customer data, resulting from processing (e.g., average of a group of customers) or the compilation of customer data from which all unique identifiers have been removed.

(2) **Commission.** The term “Commission” means the Public Service Commission of South Carolina.

(3) **Customer Data.** For purposes of this section, “customer data” means data about a current or former customer’s electric, natural gas, water, or wastewater usage; information that is obtained as part of an advanced metering infrastructure; and personal identifying information, as defined in S.C. Code Ann. Section 39-1-90(D)(3) and S.C. Code Ann. Section 16-13-510(D), as may be amended, including the name, account number, billing history, address of the customer, email address, telephone number, and fax number, in the possession of electric, natural gas, water or wastewater public utilities.

Also, “customer data” means non-public retail customer-specific data or information that has been obtained or compiled by a public utility in connection with the supplying of Commission-regulated electric, natural gas, waste, or wastewater services. Customer data includes data or information that is: (a) collected from the meter, by the public utility, and stored in its data systems for billing purposes; (b) customer-specific usage information for regulated public utility service; (c) about the customer’s participation in regulated public utility programs, such as renewable energy, demand-side management, load management, or energy efficiency programs; or (d) any other non-public information specific to a customer that is related to electricity consumption, load profile, or billing history.

(4) **Non-Public Utility Operations.** The term “non-public utility operations” means all business enterprises engaged in by a public utility that are not regulated by the Commission or otherwise subject to public utility regulation at the state or federal level.

(5) **Primary Purpose.** The term “primary purpose” means the acquisition, storage or maintenance of customer data by a public utility, as defined by Title 58 of the South Carolina Code, which provides services pursuant to state law, federal law, or Order of the Commission.

(6) **Secondary Commercial Purpose.** The term “secondary commercial purpose” means any purpose that is not a primary purpose.

(7) **Third Party.** The term “third party” means a person who is not the customer, nor any of the following: (i) an agent of the customer designated by the customer with the public utility to act on the customer’s behalf; (ii) a regulated public utility serving the customer; or (iii) a contracted agent of the public utility. For purposes of this regulation, “third party” includes any non-public utility operations or affiliate of the public utility.

(8) **Unique Identifier.** The term “unique identifier” means a customer’s name, account number, meter number, mailing address, telephone number, or email address.

B. Aggregated data which has been aggregated to a degree that individual customer information is not identifiable shall not be considered “customer data.”

### C. Customer Consent.

(1) A public utility shall not share, disclose, or otherwise make accessible to any third party a customer’s data, except as provided in subsection (F) or upon the consent of the customer.

(2) A public utility shall not sell a customer’s data for any purpose without the consent of the customer.

(3) The public utility or its contractors shall not provide an incentive or discount to the customer for accessing the customer’s data without the prior consent of the customer.

(4) Before requesting a customer’s consent for disclosure of customer data, a public utility shall be required to make a full disclosure to the customer of the nature and scope of the data proposed to be disclosed, the identity of the proposed recipient and the intended use of the data by the proposed recipient.

D. If a public utility contracts with a third party for a service that allows a customer to monitor the customer’s usage, and that third party uses the data for a secondary commercial purpose, the contract between the public utility and the third party shall provide that the third party prominently discloses that

secondary commercial purpose to the customer and secures the customer's consent to the use of his or her data for that secondary commercial purpose prior to the use of the data.

E. A public utility shall use reasonable security procedures and practices to protect a customer's unencrypted consumption data from unauthorized access, destruction, use, modification, disclosure, and to prohibit the use of the data for a secondary commercial purpose not related to the primary purpose of the contract without the customer's consent.

F. Exceptions to Sections A through E.

(1) This section shall not preclude a public utility from disclosing aggregated data for analysis, reporting, or program management.

(2) This section shall not preclude a public utility from disclosing customer data to a third party for system, grid, or operational needs, or the implementation of demand response, energy management, or energy efficiency programs, or for fraud prevention purposes, provided that the public utility has required by contract that the third party implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect the personal identifying information contained in the customer data from unauthorized access, destruction, use, modification, or disclosure, and prohibits the use of the data for a secondary commercial purpose not related to the primary purpose of the contract without the customer's prior consent to that use.

(3) This section shall not preclude a public utility from disclosing customer data in the course of its operations:

(a) Where necessary to provide safe and reliable service;

(b) As required or permitted under state or federal law or regulation or by an Order of the Commission;

(c) Including disclosures pursuant to and permitted by the Fair Credit Reporting Act Section 1681 et seq., Title 15 of the United States Code including for purposes of furnishing account and payment history information to and procuring consumer reports from a consumer reporting agency as defined by 15 U.S.C. Section 1681;

(d) Upon valid request from law enforcement;

(e) To respond to an emergency;

(f) To respond to service interruption reports or service quality issues;

(g) To restore power after a storm or other disruption;

(h) To respond to customers' requests for line locations, installation or repair of streetlights, support for construction or tree trimming/removal by customer, or other service orders or requests;

(i) To inform customers as to tree trimming/vegetation control plans and schedules;

(j) To respond to claims for property damage by the customer resulting from tree trimming/vegetation control or public utility construction;

(k) To respond to customer complaints;

(l) To protect the health or welfare of the customer or to prevent damage to the customer's property;

(m) To assist the customer in obtaining assistance from social services, community action, or charitable agencies;

(n) To perform credit checks or review payment history where customer deposits might otherwise be required or retained;

(o) Where circumstances require prompt disclosure of specific information to protect customers' interests or meet customers' reasonable customer service expectations; or

(p) This section shall not preclude a public utility from, in its provision of regulated public utility service, disclosing customer data to a third party, consistent with the public utility's most recently approved Code of Conduct, to the extent necessary for the third party to provide goods or services to the public utility and upon written agreement by that third party to protect the confidentiality of such customer data.

(4) Nothing in this section precludes the utility from advising a municipality when service is disconnected.

G. If a customer discloses or authorizes the utility to disclose his or her customer data to a third party, the public utility shall not be responsible for the security of that data, or its use or misuse.



#### H. Public Utility Guidelines.

(1) Each electrical, natural gas, water or wastewater public utility shall develop and seek Commission approval of guidelines for implementation of this section.

(2) The electrical, natural gas, water or wastewater public utility shall file its initial guidelines within 180 days of the effective date of this regulation for Commission approval. The guidelines should, at minimum, address the following:

(a) Customer Notice and Awareness – practices to explain policies and procedures to customers.

(b) Customer Choice and Consent – processes that allow the customer to control access to customer data including processes for customers to monitor, correct or limit the use of customer data.

(c) Customer Data Access – procedures for use of customer data, purpose for collection, limitations of use of customer data and processes for customer non-standard requests.

(d) Data Quality and Security Procedures and Measures – procedures for security and methods to aggregate or anonymize data.

(e) Public Utility Accountability and Auditing – reporting of unauthorized disclosures, training protocol for employees, periodic evaluations, self-enforcement procedures, and penalties.

(f) Frequency of Notice to Customers – practices and procedures to provide initial and annual notification of its privacy policy to customers.

(g) Due Diligence Exercised by Utility When Sharing Customer Data with Third Parties – practices, policies, and procedures when selecting the third party with whom the utility will share data so as to minimize unauthorized or inadvertent disclosure of customer data.

I. No Private Right of Action. This regulation shall be enforced by regulatory enforcement actions only. No private right of action for damages is created hereby.

J. Penalties. Failure to comply with this section is subject to any authority granted to the Commission by statute or regulation.

#### **Fiscal Impact Statement:**

The Commission anticipates utilizing its current resources to address administrative and legal issues in dockets related to the protection of jurisdictional public utilities' customer data. The Commission does not anticipate a fiscal impact to the Agency as a result of the implementation of Regulation 103-823.2.

#### **Statement of Rationale:**

Currently, no regulation exists which governs the protection of customer data in the custody of public utilities. To protect the public interest, a regulation should be promulgated which outlines the appropriate parameters and standards regarding a public utility's use of customer data. There was no scientific or technical basis relied upon in the development of this regulation.

To initiate General Assembly review the following verification must be signed and returned to the Clerk of the State Register

# VERIFICATION

This certifies that I have reviewed the text of this document and determined that it conforms to the text submitted by this agency to the Clerk of the State Register.

November 18, 2020  
Date  
Jacy Boyd  
Reviewing Officer

Document No. 4969

## PUBLIC SERVICE COMMISSION

### CHAPTER 103

Statutory Authority: 1976 Code Section 58-3-140

103-823.2. Protection of Customer Data. (New)

#### Synopsis:

The Public Service Commission of South Carolina proposes to add a regulation which pertains to protection of jurisdictional public utility customer data. On November 27, 2019, the Office of Regulatory Staff (ORS) filed a Petition for Rulemaking with the Public Service Commission "for the purpose of promulgating a regulation to help prevent the potential for misleading advertisements by prohibiting the sale of customer data by regulated utilities absent a customer's direct consent." In its November 27, 2019, Petition for Rulemaking, the Office of Regulatory Staff noted that "[o]n November 25, 2019, in a regularly scheduled Commission Business Meeting, Commissioner Ervin addressed an article filed in *The State* newspaper regarding the sale of customer information from one regulated utility to an outside third party, which then proceeded to use that information to attempt to sell insurance by way of mail marketing."

In the ORS's Petition for Rulemaking, it stated that "the protection of the public interest requires that the Commission hold a rulemaking proceeding to determine appropriate parameters and standards regarding a utility's use of customer data." ORS further recommended in its Petition that "the regulations regarding a utility's ability to sell customers' data be examined. ORS recommend[ed] the Commission consider regulations to apply to all regulated utilities that help prevent the potential for misleading advertisements by prohibiting the sale of customer data by regulated utilities absent a customer's consent." After the ORS filed its Petition for Rulemaking "for the purpose of promulgating a regulation to help prevent the potential for misleading advertisements by prohibiting the sale of customer data by regulated utilities absent a customer's direct consent", the Commission issued Order Number 2019-877 on December 18, 2019. In Order Number 2019-877, the Commission approved the ORS's request to initiate a rulemaking, and the Commission opened a docket for this rulemaking. On December 20, 2019, the ORS filed its Proposed Regulation to Protect Customer Data with the Public Service Commission.

The Notice of Drafting regarding this regulation was published on January 24, 2020, in the *State Register*, Volume 44, Issue 1.

#### Instructions:

Print the regulation as shown below.

#### Text:

## 103-823.2. Protection of Customer Data.

### A. Definitions of Key Terms.

(1) Aggregated Data. The term “aggregated data” means customer data, alone or in combination with non-customer data, resulting from processing (e.g., average of a group of customers) or the compilation of customer data from which all unique identifiers have been removed.

(2) Commission. The term “Commission” means the Public Service Commission of South Carolina.

(3) Customer Data. For purposes of this section, “customer data” means data about a current or former customer’s electric, natural gas, water, or wastewater usage; information that is obtained as part of an advanced metering infrastructure; and personal identifying information, as defined in S.C. Code Ann. Section 39-1-90(D)(3) and S.C. Code Ann. Section 16-13-510(D), as may be amended, including the name, account number, billing history, address of the customer, email address, telephone number, and fax number, in the possession of electric, natural gas, water or wastewater public utilities.

Also, “customer data” means non-public retail customer-specific data or information that has been obtained or compiled by a public utility in connection with the supplying of Commission-regulated electric, natural gas, waste, or wastewater services. Customer data includes data or information that is: (a) collected from the meter, by the public utility, and stored in its data systems for billing purposes; (b) customer-specific usage information for regulated public utility service; (c) about the customer’s participation in regulated public utility programs, such as renewable energy, demand-side management, load management, or energy efficiency programs; or (d) any other non-public information specific to a customer that is related to electricity consumption, load profile, or billing history.

(4) Non-Public Utility Operations. The term “non-public utility operations” means all business enterprises engaged in by a public utility that are not regulated by the Commission or otherwise subject to public utility regulation at the state or federal level.

(5) Primary Purpose. The term “primary purpose” means the acquisition, storage or maintenance of customer data by a public utility, as defined by Title 58 of the South Carolina Code, which provides services pursuant to state law, federal law, or Order of the Commission.

(6) Secondary Commercial Purpose. The term “secondary commercial purpose” means any purpose that is not a primary purpose.

(7) Third Party. The term “third party” means a person who is not the customer, nor any of the following: (i) an agent of the customer designated by the customer with the public utility to act on the customer’s behalf; (ii) a regulated public utility serving the customer; or (iii) a contracted agent of the public utility. For purposes of this regulation, “third party” includes any non-public utility operations or affiliate of the public utility.

(8) Unique Identifier. The term “unique identifier” means a customer’s name, account number, meter number, mailing address, telephone number, or email address.

B. Aggregated data which has been aggregated to a degree that individual customer information is not identifiable shall not be considered “customer data.”

### C. Customer Consent.

(1) A public utility shall not share, disclose, or otherwise make accessible to any third party a customer’s data, except as provided in subsection (F) or upon the consent of the customer.

(2) A public utility shall not sell a customer’s data for any purpose without the consent of the customer.

(3) The public utility or its contractors shall not provide an incentive or discount to the customer for accessing the customer’s data without the prior consent of the customer.

(4) Before requesting a customer’s consent for disclosure of customer data, a public utility shall be required to make a full disclosure to the customer of the nature and scope of the data proposed to be disclosed, the identity of the proposed recipient and the intended use of the data by the proposed recipient.

D. If a public utility contracts with a third party for a service that allows a customer to monitor the customer’s usage, and that third party uses the data for a secondary commercial purpose, the contract between the public utility and the third party shall provide that the third party prominently discloses that

H. Public Utility Guidelines.

(1) Each electrical, natural gas, water or wastewater public utility shall develop and seek Commission approval of guidelines for implementation of this section.

(2) The electrical, natural gas, water or wastewater public utility shall file its initial guidelines within 180 days of the effective date of this regulation for Commission approval. The guidelines should, at minimum, address the following:

(a) Customer Notice and Awareness – practices to explain policies and procedures to customers.

(b) Customer Choice and Consent – processes that allow the customer to control access to customer data including processes for customers to monitor, correct or limit the use of customer data.

(c) Customer Data Access – procedures for use of customer data, purpose for collection, limitations of use of customer data and processes for customer non-standard requests.

(d) Data Quality and Security Procedures and Measures – procedures for security and methods to aggregate or anonymize data.

(e) Public Utility Accountability and Auditing – reporting of unauthorized disclosures, training protocol for employees, periodic evaluations, self-enforcement procedures, and penalties.

(f) Frequency of Notice to Customers – practices and procedures to provide initial and annual notification of its privacy policy to customers.

(g) Due Diligence Exercised by Utility When Sharing Customer Data with Third Parties – practices, policies, and procedures when selecting the third party with whom the utility will share data so as to minimize unauthorized or inadvertent disclosure of customer data.

I. No Private Right of Action. This regulation shall be enforced by regulatory enforcement actions only. No private right of action for damages is created hereby.

J. Penalties. Failure to comply with this section is subject to any authority granted to the Commission by statute or regulation.

**Fiscal Impact Statement:**

The Commission anticipates utilizing its current resources to address administrative and legal issues in dockets related to the protection of jurisdictional public utilities' customer data. The Commission does not anticipate a fiscal impact to the Agency as a result of the implementation of Regulation 103-823.2.

**Statement of Rationale:**

Currently, no regulation exists which governs the protection of customer data in the custody of public utilities. To protect the public interest, a regulation should be promulgated which outlines the appropriate parameters and standards regarding a public utility's use of customer data. There was no scientific or technical basis relied upon in the development of this regulation.

secondary commercial purpose to the customer and secures the customer's consent to the use of his or her data for that secondary commercial purpose prior to the use of the data.

E. A public utility shall use reasonable security procedures and practices to protect a customer's unencrypted consumption data from unauthorized access, destruction, use, modification, disclosure, and to prohibit the use of the data for a secondary commercial purpose not related to the primary purpose of the contract without the customer's consent.

F. Exceptions to Sections A through E.

(1) This section shall not preclude a public utility from disclosing aggregated data for analysis, reporting, or program management.

(2) This section shall not preclude a public utility from disclosing customer data to a third party for system, grid, or operational needs, or the implementation of demand response, energy management, or energy efficiency programs, or for fraud prevention purposes, provided that the public utility has required by contract that the third party implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect the personal identifying information contained in the customer data from unauthorized access, destruction, use, modification, or disclosure, and prohibits the use of the data for a secondary commercial purpose not related to the primary purpose of the contract without the customer's prior consent to that use.

(3) This section shall not preclude a public utility from disclosing customer data in the course of its operations:

(a) Where necessary to provide safe and reliable service;

(b) As required or permitted under state or federal law or regulation or by an Order of the Commission;

(c) Including disclosures pursuant to and permitted by the Fair Credit Reporting Act Section 1681 et seq., Title 15 of the United States Code including for purposes of furnishing account and payment history information to and procuring consumer reports from a consumer reporting agency as defined by 15 U.S.C. Section 1681;

(d) Upon valid request from law enforcement;

(e) To respond to an emergency;

(f) To respond to service interruption reports or service quality issues;

(g) To restore power after a storm or other disruption;

(h) To respond to customers' requests for line locations, installation or repair of streetlights, support for construction or tree trimming/removal by customer, or other service orders or requests;

(i) To inform customers as to tree trimming/vegetation control plans and schedules;

(j) To respond to claims for property damage by the customer resulting from tree trimming/vegetation control or public utility construction;

(k) To respond to customer complaints;

(l) To protect the health or welfare of the customer or to prevent damage to the customer's property;

(m) To assist the customer in obtaining assistance from social services, community action, or charitable agencies;

(n) To perform credit checks or review payment history where customer deposits might otherwise be required or retained;

(o) Where circumstances require prompt disclosure of specific information to protect customers' interests or meet customers' reasonable customer service expectations; or

(p) This section shall not preclude a public utility from, in its provision of regulated public utility service, disclosing customer data to a third party, consistent with the public utility's most recently approved Code of Conduct, to the extent necessary for the third party to provide goods or services to the public utility and upon written agreement by that third party to protect the confidentiality of such customer data.

(4) Nothing in this section precludes the utility from advising a municipality when service is disconnected.

G. If a customer discloses or authorizes the utility to disclose his or her customer data to a third party, the public utility shall not be responsible for the security of that data, or its use or misuse.

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of the Complaint Against )  
Westar by Cathy J. Pechin. ) Docket No. 15-WSEE-509-COM

**NOTICE OF FILING OF STAFF'S  
REPORT AND RECOMMENDATION**

COMES NOW, the Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively), and hereby files its Report and Recommendation in the instant proceeding. Regarding the Complaint, Staff recommends:

1. The Commission assess a \$1,500 civil penalty against Westar Energy Inc. (Westar) for failure to comply with Section 1.28 of its General Terms and Conditions;
2. Westar obtain customer consent prior to any future contact from HomeServe USA, Corp. (HomeServe) to Westar customers;
3. Any mailings from Westar to its customers regarding HomeServe should state Westar and HomeServe are business partners, and Westar receives compensation from HomeServe for the use of Westar's customer mailing list; and
4. In the event HomeServe products do not cover damage to customer electrical components caused by weather or wildlife, Westar should assure such exclusions are listed in the information regarding HomeServe provided to Westar's customers.

Staff hereby submits both public and confidential versions of its Report and Recommendation in the instant proceeding.

WHEREFORE, Staff submits its Report and Recommendation for Commission review and consideration, and for such other relief as the Commission deems just and proper.

Respectfully Submitted,

/s/ Robert Elliott Vincent  
Robert Elliott Vincent, S. Ct. #26028  
Litigation Counsel  
Kansas Corporation Commission  
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Utilities Division  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027



Phone: 785-271-3220  
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Jay Scott Emler, Chairman  
Shari Feist Albrecht, Commissioner  
Pat Apple, Commissioner

Sam Brownback, Governor

## REPORT AND RECOMMENDATION UTILITIES DIVISION

**TO:** Chairman Jay Scott Emler  
Commissioner Shari Feist Albrecht  
Commissioner Pat Apple

**FROM:** Leo Haynos, Chief of Energy Operations and Pipeline Safety  
Jeff McClanahan, Director of Utilities

**DATE:** September 22, 2016

**SUBJECT:** Docket Number: 15-WSEE-509-COM  
In the Matter of the Complaint Against Westar Energy by Cathy J. Pechin

### **EXECUTIVE SUMMARY:**

On April 27, 2015, Cathy J. Pechin (Complainant) filed a Complaint alleging Westar Energy (Westar) is using its public utility brand name and information acquired from its captive customers to promote a private insurance company, HomeServe USA, Corp. (HomeServe), that provides insurance coverage for home emergency service plans. The Complainant also alleges HomeServe does not fully disclose what components of a homeowner's electric service system are covered by the insurance plan. On May 30, 2015, the Complainant amended the Complaint to include the allegation that Westar violated the privacy policy found in its Commission approved tariff when it provided Westar's customers' personally-identifiable information (PII) to HomeServe. After reviewing the two filings from the Complainant, Staff believes the Complainant is requesting the Commission take the following action regarding the Complaint:

- For any mailings sent by HomeServe that include Westar's name and logo, require Westar to clearly disclose the business relationship between HomeServe and Westar;
- Provide clarity to its customers regarding the Westar practice of providing customer's PII to business partners; and
- Provide all information obtained by Staff in the course of this investigation to the Kansas Attorney General's office for further action by that Agency.

On September 10, 2015, Westar filed a Motion to Dismiss this Complaint stating its mailings and website posting related to HomeServe are part of a customer education program. As such, Westar contends its effort to provide a customer education service is



not part of Westar's regulated duties as a public utility and, therefore, does not fall within the scope of the Commission's oversight. Furthermore, Westar contends the Complainant has not demonstrated that Westar's conduct is "unreasonable, unfair, unjust, unreasonably inefficient or insufficient, unjustly discriminatory or unduly preferential" as required by K.S.A. 66-101e.

After conducting discovery, reviewing the various responses and replies filed in this Docket, and reviewing Westar's tariff, Staff believes Westar violated Section 1.28 of its tariff when it provided its customers' PII to HomeServe without the consent of the customer. Staff also believes the use by Westar of the Westar Energy brand name as a public utility, when considered in combination with information obtained from utility customers that are captive to its retail certificated area, constitutes a service performed by the public utility that falls within the scope of K.S.A. 66-101e.

Review of discovery responses indicates to Staff that the Westar/HomeServe relationship is not transparent to the customer nor is the scope of the insurance coverage clearly stated. In this regard, Staff believes the Commission should require Westar to acknowledge in its HomeServe related mailings or website posting that Westar is compensated by HomeServe for providing the offer to purchase insurance and also state which common electrical outage causes (e.g. storm events) are *not* covered by the HomeServe program.

Staff views Westar's failure to comply with Section 1.28 of its Commission-approved tariff as a violation of K.S.A. 66-117. Therefore, Staff is recommending the Commission issue a civil penalty to Westar in the amount of \$1,500 as allowed by K.S.A. 66-138.

#### **BACKGROUND:**

In September 2014, Westar entered into a contract with HomeServe in which Westar agreed to provide HomeServe the following customer information:

\*\*

[REDACTED]

\*\*<sup>1</sup> In addition to customer information, the contract between Westar and HomeServe obliges Westar to:\*\*

[REDACTED]

<sup>1</sup> Response to Staff Data Request 236, Docket 15-WSEE-115-RTS.

• [REDACTED] \*\*  
As compensation for the services provided by Westar, HomeServe agreed to pay Westar\*\* [REDACTED]

[REDACTED] \*\* Currently HomeServe has enrolled \*\* [REDACTED] \*\* with Westar customers<sup>2</sup> and, according to the contract, receives a monthly commission of \*\* [REDACTED] \*\* of the net revenue from HomeServe.<sup>3</sup> For its part, HomeServe provides the agreed upon insurance coverage and \*\* [REDACTED] \*\*<sup>4</sup>

The insurance plans offered by HomeServe and approved by Westar include coverage of exterior electric components, interior electric components, and surge protection for residential and small business customers. The contract requirements –including what is and what is not covered- for the insurance program are attached as confidential exhibit LMH-1<sup>5</sup> to this Report and Recommendation. Staff's review of the marketing material prepared by HomeServe with Westar's approval<sup>6</sup> are provided on Westar's website or mailed by HomeServe to the eligible Westar customers. Although in small font, the marketing material informs the prospective customer of the many events that are not covered by the insurance policy, and it includes a contact number for the customer to get more information on what is not covered.

The General Terms and Conditions section of Westar's tariff includes a clause that addresses Westar's obligation to protect the confidentiality of its customers' PII. This section of the tariff is quoted in part as follows:

Section 1.28: "Confidentiality" Company's treatment of customer-specific information: This information, which shall include all billing statement information, usage data and agent information, shall not be released to any other party without the customer's consent, except that neither notice nor customer consent shall be required when customer-specific information is released in response to a request of the Commission or its staff..."

While the tariff does not specifically list the PII noted in the Westar/HomeServe contract, it is clear to Staff that Section 1.28 is applicable in the case of the Westar providing this information to HomeServe.

## ANALYSIS

### Commission Jurisdiction over the Westar/HomeServe Business Partnership:

In its Motion to Dismiss, Westar argues its business arrangement with HomeServe is a customer education program that does not relate to Westar's duties as an electric public utility. Therefore, Westar believes the program does not fall within the Commission's jurisdiction and the Complaint should be dismissed. Staff does not agree with Westar's

<sup>2</sup> Response to Staff Data Request 28.

<sup>3</sup> Response to Staff Data Request 236, Docket 15-WSEE-115-RTS, page 4 of contract.

<sup>4</sup> Response to Staff Data Request 236, Docket 15-WSEE-115-RTS, page 2, Exhibit E statement of work.

<sup>5</sup> Response to Staff Data Request 236, Docket 15-WSEE-115-RTS, Exhibit E statement of work.

<sup>6</sup> Response to Staff Data Request 14B.

argument. Westar's customers are captive to Westar's retail certificated area. If the customer wishes electric service, it must purchase such service from Westar, and Westar is obliged to provide that service pursuant to the terms and conditions of its tariff approved by the Commission. As such, Staff believes any information related to the customer that is necessary to conduct the business of a public utility and any related practice using that information that affects that customer falls under the purview of the Commission's authority to require an electric public utility to provide reasonably sufficient and efficient service. K.S.A. 66-101e allows the Commission to investigate the reasonableness of *any* practice related to *any* service performed by the utility. In Staff's opinion, Westar's customer list is a necessary component of operating a public utility and should be considered an asset of the utility. The customer list and Westar's relationship with its customer as their electric public utility service provider are the foundation of the contract between Westar and HomeServe. Therefore, in Staff's opinion, the practice of promoting insurance coverage to customers regarding repairs related to electric utility service may be evaluated by the Commission for reasonableness. While an ulterior motive of Westar in promoting the HomeServe products may be to educate its customers, it is clear from review of the contract the primary focus of the Westar/HomeServe relationship is to sell insurance policies.

We also note the fact that Westar is compensated by HomeServe for the use of this public utility asset (i.e. the customer list) places the contract between Westar and HomeServe under the Commission's purview. The contract contemplates this concept in its introductory statement which says, \*\* [REDACTED] \*\*<sup>7</sup> Westar has not submitted this contract to the Commission for approval.<sup>8</sup>

#### Violation of Westar Tariff Related to Customer Confidentiality:

As noted above, section 1.28 of Westar's tariff requires consent from customers before releasing customer-specific information to any party except Staff. In Staff's view, the information provided by Westar to HomeServe is not only customer-specific but is also considered to be PII. In response to Staff's data request, Westar states it does not supply HomeServe with customer's phone numbers or email addresses<sup>9</sup> \*\* [REDACTED] \*\* Westar does supply the names and addresses of its customers, their status as an owner or tenant, and an indication of the customer's tax exempt status. Westar contends such information is readily available to the public at large. Westar does not consider this information to be customer PII because Westar requires HomeServe to have an identity theft prevention plan in place as part of their contract.<sup>10</sup> In Staff's view, the fact that an identity theft prevention plan is a contractual requirement offers further proof that the customer information is PII. At any rate, the terms of the tariff require customer consent for the relatively low threshold of "customer-specific information" to any party except Staff regardless of contractual obligations.

<sup>7</sup> Response to Staff Data Request 236, Docket 15-WSEE-115-RTS, page 1 of contract.

<sup>8</sup> Response to Staff Data Request 20.

<sup>9</sup> Response to Staff Data Request 4A3.

<sup>10</sup> Response to Staff Data Request 4A1.

K.S.A. 66-117 requires a public utility to comply with the terms of its Commission-approved tariff. Failure to comply with the provisions of its tariff subjects the public utility to civil penalties of up to \$5,000 for each offence.<sup>11</sup> In this case, Staff alleges Westar unilaterally altered the provisions of its tariff when it provided HomeServe with customer-specific information without first gaining its customers' consent. Westar took this action without seeking Commission approval to modify the provisions of its tariff. Under this scenario, Staff believes a civil penalty of \$1,500 is appropriate. Exhibit LMH-2 provides Staff's rationale at arriving at the recommended amount for a civil penalty.

Presently, \*\*[REDACTED]\*\* of Westar's customers have insurance policies with HomeServe. These customers acceptance of HomeServe presumably serves as the customers' consent to Westar to allow HomeServe access to their PII. For those customers accessing the HomeServe information through the Westar website, HomeServe's privacy policy clearly states its terms of use of customer PII which the customer agrees to by using the website.<sup>12</sup> For Westar's remaining customers, Staff recommends Westar be required to obtain the customer's consent before allowing HomeServe to mail out additional marketing material.

#### Transparency of Westar/HomeServe Business Relationship and Customer Satisfaction:

HomeServe's insurance products appear to be beneficial to customers that have insurance needs for the very focused and limited areas in which the coverage is applicable. Westar notes that since inception, there have been \*\*[REDACTED]\*\* resulted in a claim being paid.<sup>13</sup> In its filings, the Complainant included several articles regarding customer dissatisfaction with various HomeServe products offered across the nation and implied that HomeServe may not be a reliable company. While there have been inquiries with the Kansas Attorney General (AG) regarding HomeServe performance and while Staff has had at least two informal complaints regarding HomeServe,<sup>14</sup> the evidence available to Staff regarding customer dissatisfaction appears to be relatively limited. Of the complaints received, three - including the Complainant - expressed a concern about the HomeServe mailer posing as Westar correspondence. The remaining inquiry to the AG office complained of getting a mixed message from Westar personnel that weather related events were covered while the HomeServe representative explained weather events are not covered. As demonstrated in Exhibit LMH-3<sup>15</sup>, the Westar marketing material is correspondence from Westar. In fact, Westar identifies the material as part of a *Westar* initiative to educate its customers on their maintenance responsibilities.<sup>16</sup> Careful reading of the mailer, however, demonstrates that the insurance offering is from HomeServe and not Westar. It appears to Staff that HomeServe's advertising strategy is to use the Westar public utility logo and reputation

<sup>11</sup> K.S.A. 66-138(a) If any common carrier or public utility governed by the provisions of this act violates any of the provisions of this act... or fails, neglects or refuses to obey any lawful requirement or order made by the commission,... it shall, for every such violation, failure or refusal, forfeit and pay to the state treasurer ... (2) a sum not less than \$100 and not more than \$5,000 for such offense if the violator is any other common carrier or public utility.

<sup>12</sup> <http://www.homeserveusa.com/privacy-policy>.

<sup>13</sup> Response to Staff Data Request 29.

<sup>14</sup> Response to Staff Data Request 28B.

<sup>15</sup> Response to Staff Data Request 14B.

<sup>16</sup> See Westar Motion to Dismiss.

as a means to get introduced to potential customers. The fact that Westar approves all of HomeServe's mailings demonstrates their agreement with this strategy. While this approach toward selling a home insurance product may be less than forthright, Staff notes that a careful reading of the advertisement explains that HomeServe – not Westar – is offering the insurance product.

Westar's contract with HomeServe allows Westar to \*\* [REDACTED] \*\*<sup>17</sup> By assuming this role, Westar is more than just a passive business partner of HomeServe. It follows, therefore, that Westar is responsible to make sure HomeServe provides clear descriptions of what its insurance product covers, and that it provides professional and prompt repairs. Westar's oversight also extends to the area of assuring that HomeServe meets performance obligations to protect PII and provide professional and prompt resolution of insurance claims. Staff notes that of the \*\* [REDACTED] \*\* claims that HomeServe has denied, it appears that approximately 50% of the denied claims were due to one of the many scenarios excluded from HomeServe coverage.<sup>18</sup> Although not specifically noted as exclusions in the HomeServe mailers sent to customers, it is Staff's understanding that common outage events such as those related to weather would not be covered by HomeServe. Staff believes weather and wildlife related outages would be a significant cause of necessary repairs to a customer's exterior electrical components.<sup>19</sup> In order to minimize confusion regarding policy coverage and provide more transparency to its customers, Staff recommends the Commission order Westar to revise the HomeServe mailers to clearly state Westar is HomeServe's business partner in providing the insurance product to customers. Staff also recommends that if customer-owned electrical components damaged due to wildlife and weather are not covered by the product offering, the customer correspondence should state that fact in the list of exclusions. As stated earlier, the customer list procured by Westar by virtue of its electric public utility certification is the basis of the Westar/HomeServe business partnership. As such, Staff believes the Commission is fully within its authority to order Westar to amend the advertisements it provides to its customers regarding Westar's role in the insurance offering and offer more clarity as to what events are excluded from coverage.

### **CONCLUSION:**

Westar has elected to include HomeServe as a business partner in offering a service to its public utility customers. Westar is compensated by HomeServe for the use of its customer contact database, and it sets minimum performance standards for HomeServe in dealing with Westar customers. Although the Westar tariff requires customer consent prior to releasing customer-specific information to other entities, Westar did not obtain consent from each customer before releasing names, addresses, and home ownership status to HomeServe. The HomeServe program has paid some insurance claims in Kansas, and it generally pays more claims than it refuses. Complaints received by the

<sup>17</sup> Response to Staff Data Request 236, Docket 15-WSEE-115-RTS, Exhibit E, Statement of Work of contract.

<sup>18</sup> Response to Staff Data Request 29C.

<sup>19</sup> Approximately 30% of outages Westar experienced on its equipment in 2013 were due to weather or wildlife related events; see response to Staff Data Request 95 in Docket 15-WSEE-115-RTS.

Commission and by the Kansas Attorney General's office regarding the HomeServe program have been few in number. Of the complaints reviewed, the main issue appears to be the confusion created by the HomeServe marketing program regarding Westar's role in the program. Other complaints focus on the number and types of exclusions that are part of the HomeServe insurance coverage.

Staff believes all aspects of Westar's relationship with HomeServe are subject to Commission oversight because the basis of the business partnership is the customer contact list which is a public utility asset. Staff alleges Westar is in violation of its tariff and recommends a civil penalty as per the requirements found in K.S.A. 66-138. Staff also believes it is appropriate for the Commission to require Westar to modify the HomeServe marketing information to include the fact Westar is a business partner of HomeServe and is compensated by HomeServe for the use of its customer list. Staff also recommends the marketing material clearly state if weather or wildlife related outages are excluded from the HomeServe coverage.

#### **RECOMMENDATION:**

Regarding this Complaint, Staff recommends the following:

1. The Commission should issue a civil penalty to Westar in the amount of \$1,500 for the failure of Westar to comply with Section 1.28 of its General Terms and Conditions found in its Tariff.
2. Westar should obtain customer consent for any future contacts from HomeServe to Westar customers.
3. Any mailings from Westar to its customers regarding HomeServe should state that Westar is a business partner with HomeServe and is compensated for the use of its customer mailing list.
4. If HomeServe insurance products do not cover damage to customer electrical components that are caused by weather or wildlife causes, Westar should assure that such exclusions are listed in the information regarding HomeServe that is provided to its customers.

**EXHIBIT LMH-1**

**CONFIDENTIAL**



## EXHIBIT LMH-2

**Public Utility Penalty Calculator****Penalty Categories**

	<u>Base penalty</u>	<u>Yes/No</u>	<u>Calculated Base Penalty</u>	<u>Explanation (if applicable)</u>
Failure to comply with statutory requirement.	\$500.00	no	\$0.00	
Failure to comply with Commission Order.	\$500.00	no	\$0.00	
Failure to comply with Commission approved tariff.				66-117a) Unless the state corporation commission otherwise orders, no common carrier or public utility over which the commission has control shall make effective any changed rate, joint rate, toll, charge or classification or schedule of charges, or any rule or regulation or practice pertaining to the service or rates of such public utility or common carrier except by filing the same with the commission at least 30 days prior to the proposed effective date.
	\$500.00	Yes	\$500.00	
			\$500.00	<b>Total Base Penalty</b>

**Aggravating Circumstances**

<u>Description</u>	<u>Multiplier</u>	<u>Yes/No</u>	<u>Calculated Multiplier</u>	<u>Explanation (if applicable)</u>
<i>Select ONLY the most serious of the three circumstances below</i>				
Violation caused property damage >\$10,000	5		1	
Violation contributed to injury	10		1	
Violation contributed to fatality	20		1	
Violation caused mass service outage (>100 customers)	3		1	
Repeat violation within past 5 years	2		1	
Economic benefit gained from the violation	3	yes	3	
No measures taken to prevent recurrence	2		1	
Operator uncooperative in resolution of the violation	5		1	
Gross negligence/willful or wanton conduct	10	no	1	
			3	<b>Aggravating Multiplier</b>
			\$1,500.00	<b>Aggravated Penalty</b>
			\$1,500.00	<b>TOTAL AGGRAVATED PENALTY</b>
Number of Violation Occurrences	1			

**Mitigating Circumstances**

		<u>Yes/No</u>	<u>Calculated Multiplier</u>	<u>Explanation (if applicable)</u>
customers < 250	0.25	no	1	
250 < customers < 1000	0.5	no	1	
1000 < customers < 10,000	0.75	no	1	
customers > 10,000	1	no	1	
Other Reasons*	1		1	
			1	<b>Mitigating Multiplier</b>
			\$1,500.00	<b>Final Recommended Penalty Amount</b>



Exhibit LMH-3; page 1

# Home services from Westar Energy

## Protection and repair plans

There's never a good time for something to break at home. Whether it's as simple as a blown circuit or as serious as damage to the exterior line or hardware, you want it repaired or replaced fast - and you want the job done right.

Westar provides you with a simple and easy way to deal with home repair of electrical lines, so that all you need to do is make one call for fast and reliable emergency repair services.

**Low monthly rates are available for the following coverage plans:**

- Exterior Electrical Line Coverage for \$4.99/mo.
- Interior Electrical Line Coverage for \$4.99/mo.
- Interior Electrical Plus Coverage for \$5.99/mo.
- Electrical Surge Coverage for \$5.99/mo. (currently available to renters only)
- Residential Electrical Line Coverage for \$9.98/mo
- Water Heater Repair and Replacement for \$7.99/mo
- Electrical Line Coverage for Small Businesses for \$14.99/mo
- Check back for additional coverage plans in the coming weeks

[Repair plans](#)

## Frequently asked questions

**What is Home Services from Westar Energy?**

Home Services is a group of optional premium home repair and coverage plans that provide customers with protection against costly repairs to both external and internal electrical lines and components.

**What elements of my above ground exterior electric service am I responsible for?**

This [simple diagram](#) can help you understand your home's overhead service.

**How can I tell if I am responsible for my home's underground service?**

These [simple diagrams](#) can help you understand your home's underground service. If you have direct buried, your home will have a junction box below the meter can.

**How can I tell if I have service rated less than 80 amps?**

Your electric meter would not have a [meter can](#) around it.

**Have any other utilities offered the same coverage plans to their customers?**

Yes, the coverage plans included within Home Services are offered by HomeServe in partnership with other regional electric utilities, and have resulted in positive customer feedback.

**Do these services cost anything extra?**

Yes, for a low monthly fee, Home Services provides premium services to customers who choose to participate. The fees vary according to the coverage plan(s) selected.

**Where can I learn more about the coverage plans from Westar?**

Visit [WestarRepairPlans.com](http://WestarRepairPlans.com) or call HomeServe at 844-219-9213 to learn more.

**How do I sign-up?**

Visit [WestarRepairPlans.com](http://WestarRepairPlans.com) or call HomeServe at 844-219-9213 to sign up.

**Will this charge be added to my electric bill?**

No, customer payments are processed through various options offered by HomeServe, the billing company.

**Who is HomeServe?**

HomeServe is an independent provider of home repair service plans. For over a decade, HomeServe has protected millions of homeowners across the globe against untimely expenses associated with electric and other home repairs by providing affordable coverage and quality service.

**Is this program subsidized by Westar Energy customers?**

No, the expenses associated with Home Services from Westar Energy are not recovered from Westar Energy ratepayers. Westar Energy electric service customers do not subsidize any portion of Home Services program expenditures. Home Services from Westar Energy are provided as an option to customers and are paid for only by customers who choose to initiate a premium coverage plan. Home Services from Westar Energy are not regulated by the Kansas Corporation Commission.

**Who is eligible to purchase a coverage plan?**

Home Services from Westar Energy coverage plans make sense for customers who are responsible for the expenses associated with the care and upkeep of their home.

**Which small business customers are eligible to participate?**

Westar small business customers with typical energy consumption of 5,000 kWh or less per month will be eligible for coverage.

**How do I cancel my plan?**

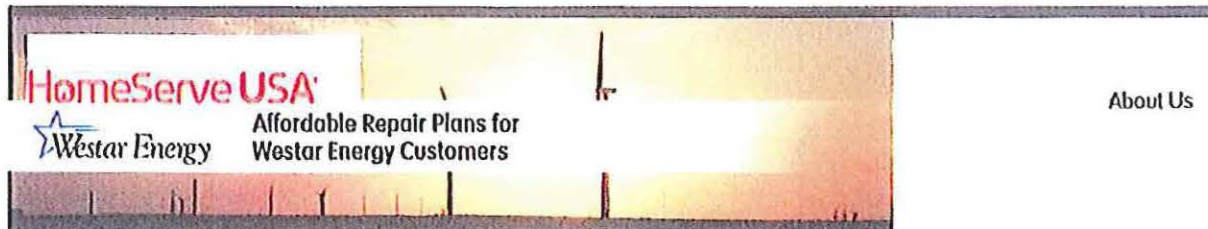
Visit [WestarRepairPlans.com](https://www.westarenergy.com/home-services) or call HomeServe at 844-219-9213 in order to cancel coverage.

**I would like to speak with Westar more in detail about Home Services. How do I reach the appropriate Westar contact?**

Please contact the Home Services from Westar Energy program manager directly at [home.services@westarenergy.com](mailto:home.services@westarenergy.com).

*If you need to file a claim related to property damage done by Westar Energy, please visit our [file a claim page](#).*





Westar Energy has partnered with HomeServe to provide their customers affordable emergency repair plans that can help provide protection against costly and inconvenient repairs to systems through their homes and properties.

Home emergency repairs can be expensive and time-consuming. With a repair plan from HomeServe, you can get access to our 24/7 hotline where you can schedule a repair for the systems in and around your home. There's never a deductible, we pay the technician's bill up to the benefit amount and we guarantee all covered repairs for one year!

**GET STARTED TODAY!**  
Order Online in 2 Easy Steps...

1 Add Plans to  
Your Cart



2 Complete Secure  
Checkout!



All

Electrical

Heating & Cooling

Electrical Repair Plans Available

Exterior Electrical Line Coverage




★★★★

Exhibit LMH-3; page 6

December 2014

the  
**Westar Wire**  
 Knowledge is power



Happy holidays from your friends at Westar Energy.

## A NEW OPTION FOR HOME EMERGENCY REPAIR PLANS

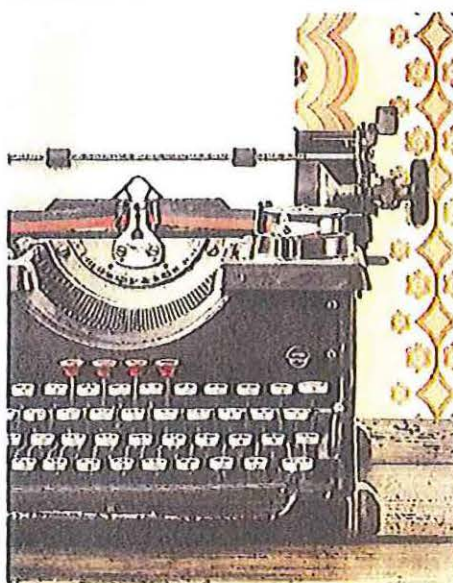
There's never a good time for something to break at home. Whether it's as simple as a blown circuit or as serious as damage to the exterior electric line or hardware, you want it repaired or replaced fast—and you want the job done right.

Many people don't realize they are responsible for certain electrical components outside of their homes until an untimely and costly repair is needed.

Westar is partnering with HomeServe USA to provide affordable emergency repair service plans that will provide plan holders access to a 24/7 repair hotline connecting them to local, licensed and insured contractors. The plans can also save homeowners hundreds of dollars across a variety of electrical system repairs that are typically not covered by basic homeowner's insurance.



For more information, visit  
[www.WestarEnergy.com/HomeServices](http://www.WestarEnergy.com/HomeServices).



### YOUR BILL OPTIONS

Rotary phones.  
 Typewriters. Paper bills.

All made obsolete because there's just a better way—like paperless billing from Westar Energy. It's the simple way to go digital and get your bill emailed to you every month. Plus, it makes it even easier to pay your bill online. Learn more at [www.WestarEnergy.com/OldHabits](http://www.WestarEnergy.com/OldHabits).

Go paperless by  
 Jan. 15, 2015,  
 to get a:

**\$5**

credit on your  
 next energy bill



**\$5**

donation to a  
 Kansas food bank  
 from Westar



Exhibit LMH-3; page 7

March 2015

# the Westar Wire

Knowledge is power



**Cold Weather Rule ends March 31:** For more information, search "Rates and Regulations" at [WestarEnergy.com](http://WestarEnergy.com) or call our Customer Relations Center at 800-383-1183.

## A new option for home emergency repair plans

Westar Energy is partnering with HomeServe USA to provide homeowners with optional and affordable emergency repair plans that provide protection against costly and inconvenient repairs to systems throughout their homes and properties. Plans currently available to Westar customers include:

**Exterior Electrical Line Coverage:** \$4.99/mo

**Interior Electrical Line Coverage:** \$4.99/mo

**Interior Electrical Line Plus Coverage:** \$5.99/mo

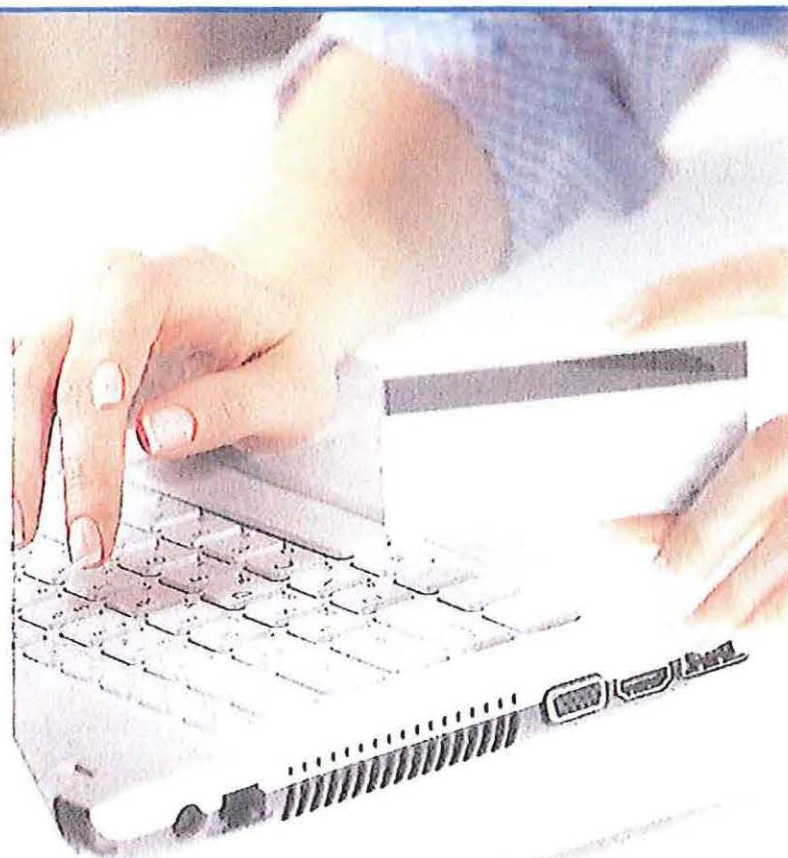
*Home Services from*  
 **Westar Energy.**

In addition, a surge coverage option will soon be available. Visit [WestarRepairPlans.com](http://WestarRepairPlans.com) for more information or call 844-219-9213 to sign-up today.

## You asked, we listened.

Goodbye credit card convenience fees! Residential customers no longer pay a \$2.95 convenience fee when making credit or debit card payments. Paying online? Reduce clutter and switch to the ease and security of paperless billing.

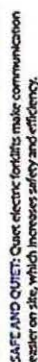
Learn more at  
[WestarEnergy.com/paperless-billing](http://WestarEnergy.com/paperless-billing).





## EV forklifts drive quiet improvements

For more information on our business, visit [WestarEnergy.com/ElectricForIdaho](http://WestarEnergy.com/ElectricForIdaho)



More online: For more information on the use of electric forklifts or email us at [forklift@westenergy.com](mailto:forklift@westenergy.com).

for residential customers concerning medical equipment in your home

Our customer advisors will provide additional information and instructions on how to learn if you are qualified for our Life Support Program.

**NOTICE TO OUR CUSTOMERS**  
Rate summaries available upon request

installing renewable generation, which includes photovoltaic as well as other resources, must take service under the residential standard distributed generation rate schedule.

Electric service rate summaries for residential, commercial and industrial customers are available on our website, [www.therateenergy.com](http://www.therateenergy.com), as upon request. The commercial and industrial rate summaries may help you to determine which rate is most suitable for your electric energy needs.

Residential customers have two rate schedules. Residential standard service and residential optional demand service. These customers

**ReliableTree crews trim now  
to keep your lights on later.**

There's a science to preventing tree-related power outages—and it starts in your yard. That's why our Reliable Tree crews are trimming branches in neighborhoods across Kansas. In a trimmed area, tree-related power outages have dropped by more than 60 percent. It's a great way to keep our neighborhoods safe and our trees healthy.

**Food for thoughtfulness.**

Thanks to you, Westar Energy raised over \$30,000 for Kansas food banks by donating \$100 to every customer who switched to paperless billing in November and December. The results were amazing—both for our environment and our local communities. Ready to make the switch? Sign up at [WestarEnergy.com/Paperless](http://WestarEnergy.com/Paperless).



Be prepared,  
get protected.

Did you know if certain parts of your exterior electrical system need to be repaired, you are responsible?

Westar is partnering with HomeServe to offer optional coverage plans starting at \$4.99 per month to help you prepare for those unexpected repairs to your exterior electrical system and more.

Visit [WestarRepairPlans.com](http://WestarRepairPlans.com)  
to learn more.

**Kansas' green energy options keep growing.**

Weston is proud to be leading green energy efforts in Kansas, and we are continually focused on more green energy.

The new Nigerian Wind Energy Centre in Ringbama Community will be fully operational by this time next year, supplying more than 100 homes with electricity. With this addition, 41 percent of the country's total energy will come from wind. More than 1,000 Kilowatts have been signed up for Westar Wind in the last three months. It would take 40 years to run them down. Visit [WestarEnergy.com/Wind](http://WestarEnergy.com/Wind)

the English Navy, some also provide a cover. National security. We're currently invested in 20 educational

could safely proceed as before. But that's not the given either. Plus, two of the subpanels installed last summer aren't yet internally operational and a third one will soon

WestarEnergy.com/Solar-Project

Sign into your account and click on My Options Wizard to learn more about MyStar Wind and other opportunities to support green energy.



Exhibit LMH-3; page 9

Home Emergency Repair  
Plans Available to  
**WESTAR ENERGY**  
Customers

At Westar Energy we value our customers and strive to provide superior service. With an optional coverage plan from HomeServe, a world leader in the home repair services business, you will be protected against the cost and inconvenience of emergency repairs to the systems in your home you choose to protect. See the reverse of this card for the coverage plans currently offered.

For more information call toll-free:


**1-844-219-9213**

Available: Mon-Fri 7am-7pm | Sat 9am-3pm CST

**WestarRepairPlans.com**



Exhibit LMH-3; page 10

  
**CURRENT COVERAGE  
PLANS AVAILABLE**

<b>EXTERIOR ELECTRICAL LINE COVERAGE*</b>	<b>\$4.99</b> per month
Up to \$3,000 per year	
<b>INTERIOR ELECTRICAL LINE COVERAGE*</b>	<b>\$4.99</b> per month
Up to \$2,500 per year	
<b>INTERIOR ELECTRICAL LINE PLUS COVERAGE*</b>	<b>\$5.99</b> per month
Unlimited coverage per year	

New plans are being developed. Please visit our website periodically for more coverage options.

**WestarRepairPlans.com**

\*All plans include multiple service calls up to the stated annual benefit amount (30-day wait period with a money-back guarantee) for covered repairs. Certain limitations and exclusions apply. To receive Terms & Conditions prior to enrollment, call toll-free 1-844-219-9213.

HomeServe USA Repair Management Corp. ("HomeServe"), with corporate offices located at 601 Meritt 7, 6th Floor, Norwalk, CT 06851, is an independent company separate from Westar Energy and offers this optional service plan as an authorized representative of the contract issuer, AMT Warranty Corp., 69 Maiden Lane, 43rd Floor, New York, NY 10038. Your choice of whether to participate in this service plan will not effect the price, availability or terms of service from Westar Energy.

15\_WS\_RC

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2/12/15 2:05 PM

**CERTIFICATE OF SERVICE**

15-WSEE-509-COM

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation was served by electronic service on this 13th day of October, 2016, to the following:

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/S/ Pamela Griffeth

Pamela Griffeth  
Administrative Specialist

\* Denotes those receiving the Confidential version

**THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

Before Commissioners: Pat Apple, Chairman  
Shari Feist Albrecht  
Jay Scott Emler

In the Matter of the Complaint Against )  
Westar Energy by Cathy J. Pechin. ) Docket No. 15-WSEE-509-COM

**ORDER ASSESSING FINES FOR TARIFF VIOLATIONS**

This matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed the pleadings and record, the Commission makes the following findings:

1. On April 27, 2015, Cathy J. Pechin, a Westar Energy, Inc. (Westar) residential customer, filed a formal Complaint alleging Westar improperly promoted a private insurance policy by sending its customers an offer for HomeServe insurance.<sup>1</sup>

2. Following the Commission's initial rejection of her Complaint for failing to cite to any tariff, regulation, or statute and not providing sufficient facts to determine if any tariff, regulation, or statute was violated,<sup>2</sup> on May 30, 2015, Pechin filed an Amended Complaint. The Amended Complaint asserted that by sharing her name and address with HomeServe, Westar violated its privacy policy.

3. On August 27, 2015, the Commission found Pechin's Amended Complaint established a prima facie case for Commission action and directed Commission Staff (Staff) to investigate the matter and file a Report and Recommendation (R&R).<sup>3</sup>

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<sup>1</sup> Complaint, Apr. 27, 2015.

<sup>2</sup> Order Adopting Staff's Memorandum, May 21, 2015, p. 1.

<sup>3</sup> Order Adopting Staff's Memorandum, Aug. 27, 2015, p. 3.

4. On September 10, 2015, Westar filed a Motion to Dismiss, alleging the Complaint does not relate to Westar's duties as an electric public utility, and must be dismissed as it is outside the scope of the Commission's jurisdiction.<sup>4</sup> Westar characterized its arrangement with HomeServe as an optional service offered to Westar customers.<sup>5</sup>

5. On October 13, 2016, Staff filed its R&R suggesting the Commission: (1) levy a \$1,500 civil penalty against Westar for violating Section 1.28 of its tariff; (2) require Westar obtain customer consent before HomeServe contacts Westar customers; (3) require any mailings to explain Westar receives compensation from HomeServe to use Westar's customer mailing list; and (4) ensure any damages to customer electric components due to weather or wildlife not covered by HomeServe should be listed as exclusions in the information provided to Westar customers.<sup>6</sup>

6. On October 24, 2016, Westar filed its Response to Staff's R&R, claiming it did not violate Section 1.28 of its Tariff, in part because the information provided to HomeServe is not "customer-specific information" as referenced in the Tariff.<sup>7</sup> Instead, Westar claims the information provided to HomeServe is "personally identifiable information," disclosure of which is governed by state and federal statutes.<sup>8</sup>

7. On June 27, 2017, the Commission issued an Order Denying Motion to Dismiss of Westar Energy, Inc., finding under the plain language of the Tariff, "all billing statement information, usage data and agent information" is within the definition of "customer-specific information" and that account numbers are included in "all billing statement information."<sup>9</sup> By

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<sup>4</sup> Motion to Dismiss of Westar Energy, Inc., Sept. 10, 2015, ¶ 3.

<sup>5</sup> *Id.*, ¶ 9.

<sup>6</sup> Notice of Filing of Staff's Report and Recommendation, Oct. 13, 2016, p. 1.

<sup>7</sup> Response of Westar Energy, Inc. to Staff's Report and Recommendation (Westar Response), Oct. 24, 2016, ¶¶ 5, 7.

<sup>8</sup> *Id.*, ¶ 7.

<sup>9</sup> Order Denying Motion to Dismiss of Westar Energy, Inc., June 27, 2017, ¶ 9.

sharing Pechin's account information with HomeServe without getting her consent, Westar violated Section 1.28 of its Tariff.<sup>10</sup>

8. To determine the appropriate civil penalty for Westar's tariff violation, the Commission directed Westar to provide additional information as to the scope of Westar's tariff violation.<sup>11</sup>

9. On July 26, 2017, Westar filed its Response to the Commission's Order Denying Motion to Dismiss, admitting that since it began its relationship with HomeServe in October 2014, HomeServe has marketed to up to 388,000 Westar customers.<sup>12</sup> Of those 338,000 customers, approximately 22,000 households have signed up for HomeServe's service.<sup>13</sup> Westar has received approximately 40 customer complaints related to this marketing practice, including 21 requests to be removed from HomeServe's mailing list.<sup>14</sup> HomeServe sent out a total of 16 rounds of mailings.<sup>15</sup> Of those rounds, 12 were sent to between 340,000 and 388,000 customers.<sup>16</sup> There were four other mailings that went to an unspecified, smaller subset of Westar customers.<sup>17</sup>

10. K.S.A. 66-138(a)(2) authorizes the Commission to impose a civil penalty ranging from \$100 to \$5,000 for each violation of the public utilities act, including tariff violations. The question before the Commission is how times did Westar violate its tariff by improperly sharing customer account information with HomeServe.

11. In its R&R Staff recommended a \$1,500 penalty, by starting with a base fine of \$500 and applying an aggravating multiplier because Westar gained an economic benefit from

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<sup>10</sup> *Id.*, 11.

<sup>11</sup> *Id.*, 12.

<sup>12</sup> Response of Westar Energy, Inc. to Commission Order Denying Motion to Dismiss, July 26, 2017, ¶ 7.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

the violation.<sup>18</sup> Westar accepted Staff's recommended penalty,<sup>19</sup> but in the alternative, recommended the Commission find each of the 16 batches of mailings are counted as a single violation of Westar's Tariff, for a total of 16 violations.<sup>20</sup> Claiming that it has already taken action to address the violation before the Commission acted, and there have been few complaints regarding the program, Westar "requests that the Commission assess a penalty of \$1,500 per violation."<sup>21</sup> Under Westar's alternative request, Westar would receive a \$24,000 civil penalty for violating its Tariff.

12. Staff's recommendation of a \$1,500 penalty was made before the scope of Westar's tariff violation was known. Now that the record demonstrates HomeServe has marketed to up to 388,000 Westar customers through a total of 16 rounds of mailings, generating approximately 40 customer complaints, it is apparent that a \$1,500 penalty is woefully inadequate.

13. While the unauthorized selling of customer information violates the tariff, the Commission is particularly troubled that Westar essentially leveraged its relationship with its customers to promote a third-party vendor. To Westar customers, HomeServe's marketing material appears to be from Westar as it is accompanied by a letter from Westar, identifying the program as a Westar initiative to educate its customers on their maintenance responsibilities.<sup>22</sup> Only after a careful reading of the mailer does it become clear that the insurance offering is from HomeServe, not Westar.<sup>23</sup> Similarly, Westar's website repeatedly refers to the offerings as "Home Service from Westar" and advises customers to "contact the Home Services from Westar

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<sup>18</sup> Exhibit LMH-2, attached to Staff's R&R.

<sup>19</sup> Response of Westar Energy, Inc. to Commission Order Denying Motion to Dismiss, ¶ 9.

<sup>20</sup> *Id.*, ¶ 10.

<sup>21</sup> *Id.*

<sup>22</sup> *See* Staff's R&R, p. 5.

<sup>23</sup> *Id.*

Energy program manager directly at home.services@westarenergy.com” for more detailed information about Home Services.<sup>24</sup> Westar allowed HomeServe to use Westar’s logo and reputation as a means to convince potential customers that Westar endorsed the HomeServe offerings.<sup>25</sup> Westar essentially sold its goodwill with its customers to HomeServe and allowed HomeServe to market its service under the guise of a regulated utility. In doing so, Westar breached the public trust. The Commission believes the gravity of the violation calls for a maximum penalty of \$5,000 per violation.

14. The Commission agrees with Westar’s suggestion to count each of the 16 batches of mailings as a violation. Therefore, the Commission fines Westar \$80,000 for violating Section 1.28 of its Tariff by sharing customer account information with HomeServe without obtaining customer consent.

15. The Commission continues to believe Westar should be required to disclose that it is receiving compensation for sharing its customer list with HomeServe. Accordingly, the Commission reiterates that Westar is required to add language to its customer mailings informing its customers that Westar received compensation for sharing their information with HomeServe.

16. In its Response to Staff’s R&R, Westar expressed a willingness to add additional language to address concerns that the HomeServe policy excludes coverage for damage caused by natural disasters.<sup>26</sup> In its review of the HomeServe marketing material available on Westar’s website or mailed to Westar customers,<sup>27</sup> the Commission was unable to find any language advising Westar customers of exclusions to the HomeServe policy. Accordingly, the

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<sup>24</sup> Exhibit LMH-3, pp. 3-4, attached to Staff’s R&R

<sup>25</sup> *Id.*, pp. 5-6.

<sup>26</sup> *Id.*, ¶ 16.

<sup>27</sup> See Exhibit LMH-3, attached to Staff’s R&R.



Commission directs Westar to add language advising its customers that the HomeServe policy excludes coverage for damage caused by weather or wildlife.

17. The Commission is concerned that there may not be uniformity in how regulated utilities safeguard customer information. Therefore, the Commission directs Staff to file a report and recommendation regarding what steps should be taken to ensure the billing standards and tariff language of the utilities regulated by the Commission are consistent and follow best practices for protecting customers' privacy.

**THEREFORE, THE COMMISSION ORDERS:**

A. Westar is assessed a civil penalty of \$80,000 for violating Section 1.28 of its Tariff by sharing customer account information with HomeServe without obtaining customer consent.

B. Westar is directed to add language to its customer mailings informing its customers that Westar received compensation for sharing their information with HomeServe and of the exclusions to the HomeServe policy.

C. Staff is directed to file a report and recommendation studying the billing standards and tariff language regarding privacy to ensure best and consistent practices are used by all regulated utilities.

D. The parties have fifteen (15) days from the date this Order was electronically served to petition for reconsideration.<sup>28</sup>

E. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it deems necessary.

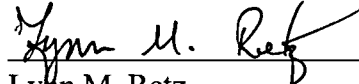
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<sup>28</sup> K.S.A. 66-118b; K.S.A. 77-529(a)(1).

**BY THE COMMISSION IT IS SO ORDERED.**

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: NOV 02 2017

  
\_\_\_\_\_  
Lynn M. Retz  
Secretary to the Commission

BGF

***EMAILED***

NOV 02 2017

**CERTIFICATE OF SERVICE**

15-WSEE-509-COM

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of

Electronic Service on NOV 02 2017.

CATHY J. PECHIN  
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/s/ DeeAnn Shupe  
\_\_\_\_\_  
DeeAnn Shupe

***EMAILED***

NOV 02 2017

**INFORMATION FOR** [REDACTED]

Re: Gas Line



Exhibit DND-5

[REDACTED]

1287

**Response Requested**

**Status:** Not Covered



We are writing to customers to help them understand their responsibility for the gas lines on their property.

Piedmont is always looking for ways to make your natural gas service easier and more convenient. This includes helping you manage your responsibility for the gas lines that run from your natural gas meter outlet connection to your outdoor and indoor appliances, water heater and heating system. Your property is not covered with Gas Line Coverage from HomeServe, which Piedmont Natural Gas has selected to make available to eligible customers. Without this *optional* non-regulated coverage, you may have to pay hundreds of dollars to repair or replace the gas lines on your property if a breakdown occurs.

This protection provides an annual benefit amount of \$8,000 and multiple service calls up to that amount (30-day wait period includes a money-back guarantee). For just \$5.49 per month, you can help protect yourself from the unplanned financial burden of covered repairs to the gas line on your property.

**Please respond. Complete and return the enclosed form or call 1.888.302.0141.**

**For fastest processing, visit [www.PiedmontRepairPlans.com](http://www.PiedmontRepairPlans.com).**

HomeServe USA Repair Management Corp. ("HomeServe"), with corporate offices located at 601 Merritt 7, 6th Floor, Norwalk, CT 06851, is an *independent company separate from Piedmont Natural Gas* and offers this optional service plan as an authorized representative of the contract issuer, National Home Repair Warranty, Inc., 59 Maiden Lane, 43rd Floor, New York, NY 10038. Your choice of whether to participate in this service plan will not affect the price, availability or terms of service from Piedmont Natural Gas.



### **What am I responsible for?**

Just as you have always been responsible for the water pipes and electrical wiring in your home, as a homeowner, you are also responsible for your gas line up to your utility's responsibility.

### **Does my homeowners insurance cover this?**

Most basic homeowners insurance policies do not cover repair or replacement due to normal wear and tear of the gas lines.

### **Who is eligible for coverage?**

An owner of a residential single structure, or a unit within a structure, that is not intended to be moved may be eligible for coverage. If you own a multi-family home or multiple housing units, you must provide the specific mailing address for each service agreement you purchase. If your gas line extends beyond the walls of your home, you must own the land on which it is located. You are not eligible if your property is used for commercial purposes; you know of any current problems with your gas line before enrollment; or your gas line is shared with a 3rd party or covered by a homeowners' association or the like. In IA, properties with more than 4 dwelling units are not eligible.

### **What should I know about this coverage?**

*What's covered:* Coverage provides, up to the applicable benefit limit, to repair or replace a gas line, for which you have sole responsibility, from the meter or propane tank outlet connection, including pressure regulating devices, up to and including the connectors to each natural gas/propane appliance on your property, whether inside or outside your residence, up to and including the appliance connectors on the extension gas lines that exit your home, that is damaged due to normal wear and tear, not accident or negligence.

**These service plans are not part of Piedmont's regulated utility service offerings, nor are they in any way sanctioned by the North Carolina Utilities Commission, South Carolina Public Service Commission, or Tennessee Public Utility Commission. Purchasers of these service plans will receive no preference or special treatment from Piedmont Natural Gas. A customer does not have to buy these services in order to continue to receive the same safe reliable natural gas service from Piedmont Natural Gas.**

*Not covered:* Meter moves or replacements except when required by local code; appliances, fixtures; lines not supplied by a utility; and damage from accidents, negligence or otherwise caused by you, others or unusual circumstances. Additional exclusions apply. Disputes resolved by arbitration, without class action or jury trial, unless otherwise stated in your full Terms and Conditions.

### **When can I make a service call?**

Your plan starts the day your enrollment is processed. There is an initial 30-day waiting period before you can make a repair service call, giving you 11 months of coverage during the first year. Upon renewal/reactivation (if applicable), there is no waiting period.

### **What is the cancellation policy?**

Cancel any time by calling HomeServe at 1.888.302.0141. If you cancel within 30 days of your start date, you will get a full refund (less claims paid, where applicable). Cancellations after the first 30 days will result in a pro-rata refund (less claims paid, where applicable).

### **What is the term of my service agreement?**

The plan is annual. Unless you cancel, your plan automatically renews annually at the then-current renewal price and is billed monthly through your utility bill.

### **Who is HomeServe?**

HomeServe is an independent company, separate from Piedmont Natural Gas. Coverage is optional. If you would prefer not to receive solicitations from HomeServe, please call 1.888.302.0141.



Many homeowners aren't aware that they are financially responsible for the natural gas line that runs from the outlet side of the utility's responsibility and inside their home. Repairing this line may cost you hundreds of dollars. Gas Line Coverage from HomeServe gives you multiple service calls annually up to \$8,000 per call year for covered repairs (30-day wait includes a money-back guarantee). You will also have 24/7 access to our members-only hotline 365 days a year.

This coverage could be an important financial help if your natural gas line breaks down. Gas line breakdowns are difficult to predict and can happen at any time. Accept coverage today and rest easy knowing your finances will be protected for covered repairs.

### KNOW YOUR RESPONSIBILITY

The illustration shows the natural gas line that is typically your responsibility as a homeowner. Also shown are repairs that are commonly performed on this line and how much a licensed and insured contractor would typically charge a homeowner for repairs. How would you cope if it happened to you?

With Gas Line Coverage from HomeServe, it's not something you have to worry about; you'll benefit from a priority response and no bill to pay for covered repairs, up to \$8,000 per year.

Repair section of  
natural gas supply  
line (up to 25 ft.)  
**\$722**

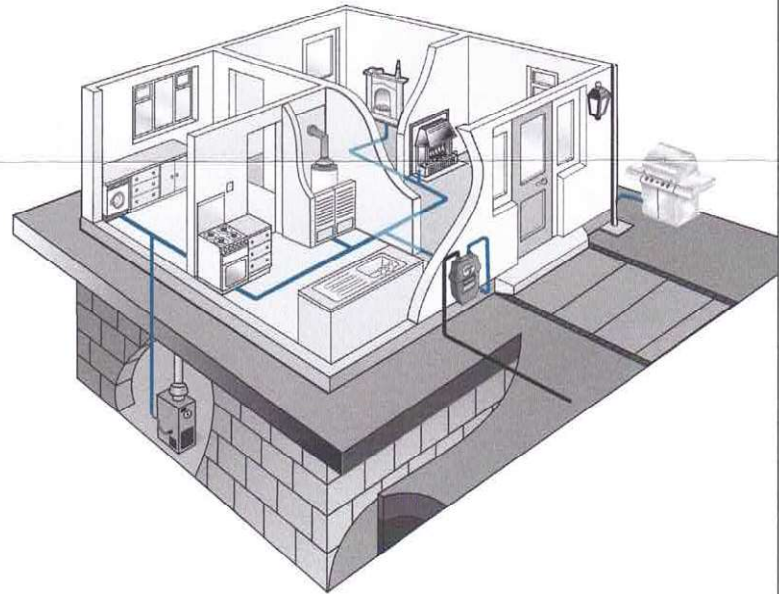
**Plan Members:**  
**NO CHARGE<sup>†</sup>**

Repair/replace gas  
safety  
shutoff valve **\$439**

**Plan Members:**  
**NO CHARGE<sup>†</sup>**

Replace flexible  
gas connector  
from shutoff valve  
to appliance **\$152**

**Plan Members:**  
**NO CHARGE<sup>†</sup>**



**Typical Homeowner's Responsibility**

<sup>†</sup>National average repair costs within the HomeServe network as of March 2018. No charge for covered repairs up to your annual benefit amount.

**FOR MORE INFORMATION CALL 1.888.302.0141**

Sign and return the enclosed form, call 1.888.302.0141 or visit [www.PiedmontRepairPlans.com](http://www.PiedmontRepairPlans.com).

# ACCEPTANCE FORM

Please correct name and address information below, if necessary, before submitting.

PLEASE REPLY BY:

10/9/2020

Exhibit DND-5

By providing my e-mail address, I request that I be notified when my current and future service agreements and any related documents are available at [www.MyHomeServeUSA.com](http://www.MyHomeServeUSA.com), and I acknowledge that I can access these documents. I can change my preferences or request paper copies online or by calling HomeServe.

E-mail Address: \_\_\_\_\_ Phone #: \_\_\_\_\_

**YES**, please sign me up for Gas Line Coverage from HomeServe and include the \$5.49 monthly charge, plus any applicable taxes, on my Piedmont Natural Gas bill. I understand that this optional coverage is billed on a monthly basis and based on an annual service agreement that will be *automatically renewed annually* at the then-current renewal price. I have the option to cancel this agreement at any time without additional cost to me by calling 1.888.302.0141. I agree Piedmont Natural Gas may share my name, postal address, and account number with HomeServe. I confirm that I am the homeowner and have read the information in this package, understand there are limitations and exclusions, and meet the eligibility requirements for this coverage.

Signature (required)

H3MZRCDM

PLEASE RETURN IN POSTAGE-PAID ENVELOPE



Workpaper DND-SUM

	DND RB-1	DND RB-2	DND Rev 1	DND Rev 2	DND Exp 1	DND Exp 2	DND Exp 3	DND Exp 4	DND Exp 5	DND Exp 6	DND Exp 7	DND Exp 8	DND Exp 9 (1)
Item	To Eliminate UnsupportedPensi on Contributions	To Eliminate Non- Jurisdictional Book/Tax Timing Differences	To IncludeWarranty Margins Above the Line	To Properly Reflect the Elimination of Deferred Tax Liability from Operating Revenue and	To Eliminate Severance Costs from the Attrition Period	To Eliminate out of Period Costs	To Eliminate Employee Transition Costs	To Eliminate out of Period Costs	To Eliminate Costs Improperly Allocated to Piedmont Tennessee	To Eliminate Calculated Costs Improperly Allocated to Piedmont Tennessee	To Properly Reflect Deferred Pension Contribution Amortization	To Properly Reflect DEBS Asset Allocation Costs	To Eliminate DEBS Depreciation Expense Allocation
Utility Plant in Service													
Construction Work in Progress													
Accumulated Depreciation													
Contributions in Aid of Construction													
Accumulated Deferred Income Taxes													
		\$ (3,023,348)											
<b>Total Net Plant Investment</b>	\$ -	\$ (3,023,348)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas Inventory													
Customer Deposits													
Accrued Interest on Customer Deposits													
Cash Working Funds													
Materials & Supplies													
Deferred Debits	\$ (10,062,456)												
Prepaid Insurance													
Deferred Pension & Other Post-Employment Expenses													
Fleets & Overheads													
Accounts Payable Related to CWIP													
Accounts Payable Related to M&S													
Accrued Vacation													
Lead/Lag Study Requirement													
<b>Total Working Capital</b>	\$ (10,062,456)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Rate Base</b>	\$ (10,062,456)	\$ (3,023,348)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Revenue				\$ 9,333,186									
Non-Operating Revenue													
Warranty Operating Margin			\$ 2,617,065										
<b>Total Revenue</b>	\$ -	\$ -	\$ 2,617,065	\$ 9,333,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Purchased Gas Expense (735 - 807)													
Gas Storage Expense (814 - 843)													
Transmission Expense (850 - 867)													
Distribution Expense (870 - 899)													
Customer Accounts & Customer Service Expense (901 - 910)													
Sales Expense (911 - 917)					\$ (96,110)	\$ (129,402)	\$ (382,079)	\$ (46,461)	\$ (54,913)	\$ (202,123)	\$ (4,024,982)	\$ (134,558)	\$ (1,803,342)
Administrative & General Expense (920 - 935)													
Depreciation & Amortization													
Taxes Other Than Income													
Investment Tax Credit													
State Income Taxes													
Federal Income Taxes				\$ 5,802,018									
<b>Total Expenses</b>	\$ -	\$ -	\$ -	\$ 5,802,018	\$ (96,110)	\$ (129,402)	\$ (382,079)	\$ (46,461)	\$ (54,913)	\$ (202,123)	\$ (4,024,982)	\$ (134,558)	\$ (1,803,342)
<b>Net Operating Margin</b>	\$ -	\$ -	\$ 2,617,065	\$ 3,531,168	\$ 96,110	\$ 129,402	\$ 382,079	\$ 46,461	\$ 54,913	\$ 202,123	\$ 4,024,982	\$ 134,558	\$ 1,803,342
<b>Cash Working Capital Classification</b>	N/A	N/A	Other Revenue	N/A	Labor	Other O&M Expenses	Employee Pension and Benefits	Other O&M Expenses	Outside Services	Outside Services	Other O&M Expense	Other O&M Expense	Other O&M Expense

(1) Adjustment Sponsored by Mr. Novak

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**Summary of Consumer Advocate Adjustments to A&G Expense**

**Table 1 - Reconciliation of Consumer Advocate Attrition Period A&G Costs**

<b>Item</b>	<b>Amount</b>	<b>Reference</b>	<b>Witness Sponsor</b>
<b>Attrition Period Forecast Before Adjustment</b>	\$ 23,100,623	Workpaper E-40-1.00	Novak
Less Elimination of Piedmont calculated lobbying expenses	\$ (61,821)	Workpaper E-40-1.00	Novak/Piedmont
Less: Elimination of Severance Costs	\$ (96,110)	Workpaper DND-Exp 1	Dittemore
Less: Elimination of Out-of-Period Costs (CA2-16)	\$ (129,402)	Workpaper DND-Exp 2	Dittemore
Less: Elimination of Employee Transition Costs	\$ (382,079)	Workpaper DND-Exp 3	Dittemore
Less: Elimination of Out-of-Period Costs (CA2-22)	\$ (46,461)	Workpaper DND-Exp-4	Dittemore
Less: Elimination of Costs Improperly Allocated to Tennessee	\$ (54,913)	Workpaper DND-Exp-5	Dittemore
Less: Elimination of Calculated Costs Improperly Allocated to T	\$ (202,123)	Workpaper DND-Exp-6	Dittemore
Less: Adjustment to Properly Reflect Deferred Pension Contribu	\$ (4,024,982)	Workpaper DND Exp -7	Dittemore
Less: Adjustment to Properly Reflect DEBS Asset Allocation C	\$ (134,558)	Workpaper DND Exp -8	Dittemore
Less: Elimination of DEBS Depreciation Expense Allocation	\$ (1,803,342)	Workpaper DND Exp -9	Novak
Less: Elimination of Incentive Compensation Costs	\$ (1,677,948)	Workpaper AB-1	Bradley
Less: Elimination of Lobbying Costs	(54,665)	Workpaper AB-2	Bradley
<b>Net Attrition Period Forecast</b>	<b><u>\$ 14,432,218</u></b>		

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**To Calculate Consumer Advocate Deferred Pension Balances**

**Workpaper DND - RB-1**

<u>Item</u>		<u>Piedmont Deferred Debit Request - Attrition Period</u>	<u>Consumer Advocate Adjustment</u>		<u>Consumer Advocate Balance - Attrition Period</u>
Deferred Debits	A/	\$ 9,885,818	\$ (10,062,456)	B/	\$ (176,638)

A/ Piedmont WorkingCapital\_Adj file/ Tab D

B/ Workpaper DND RB 1.2

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**Attrition Period Pension Balance**

Workpaper DND - RB-1.1

TN Deferred Pension	A/ Amounts Per Piedmont					5 (Prior Balance - Column 4)
	Regulatory					
	Amortization	Balance		Consumer Advocate Adjustment	Regulatory Amortization	Consumer Advocate Attrition Period
	1	2		3	4	
March 31, 2020 (end of Test Period)		\$ 13,877,738	C/ \$ (12,074,947)			\$ 1,802,792
April 30, 2020	\$ (223,862)	\$ 13,653,876		D/ \$ (223,862)	\$ (223,862)	\$ 1,578,930
May 31, 2020	\$ (223,862)	\$ 13,430,014			\$ (223,862)	\$ 1,355,068
June 30, 2020	\$ (223,862)	\$ 13,206,152			\$ (223,862)	\$ 1,131,206
July 31, 2020	\$ (223,862)	\$ 12,982,291			\$ (223,862)	\$ 907,344
August 31, 2020	\$ (223,862)	\$ 12,758,429			\$ (223,862)	\$ 683,482
September 30, 2020	\$ (223,862)	\$ 12,534,567			\$ (223,862)	\$ 459,620
October 31, 2020	\$ (223,862)	\$ 12,310,705			\$ (223,862)	\$ 235,758
November 30, 2020	\$ (223,862)	\$ 12,086,843			\$ (223,862)	\$ 11,896
December 31, 2020	\$ (223,862)	\$ 11,862,981			\$ (223,862)	\$ (211,966)
January 31, 2021	\$ (329,527)	\$ 11,533,454		E/ \$ 5,888	\$ 5,888	\$ (206,078)
February 28, 2021	\$ (329,527)	\$ 11,203,926			\$ 5,888	\$ (200,190)
March 31, 2021	\$ (329,527)	\$ 10,874,399			\$ 5,888	\$ (194,302)
April 30, 2021	\$ (329,527)	\$ 10,544,872			\$ 5,888	\$ (188,414)
May 31, 2021	\$ (329,527)	\$ 10,215,345			\$ 5,888	\$ (182,526)
June 30, 2021	\$ (329,527)	\$ 9,885,818			\$ 5,888	\$ (176,638)
July 31, 2021	\$ (329,527)	\$ 9,556,290			\$ 5,888	\$ (170,750)
August 31, 2021	\$ (329,527)	\$ 9,226,763			\$ 5,888	\$ (164,862)
September 30, 2021	\$ (329,527)	\$ 8,897,236			\$ 5,888	\$ (158,974)
October 31, 2021	\$ (329,527)	\$ 8,567,709			\$ 5,888	\$ (153,086)
November 30, 2021	\$ (329,527)	\$ 8,238,181			\$ 5,888	\$ (147,198)
December 31, 2021 (end of Attrition Period)	\$ (329,527)	\$ 7,908,654			\$ 5,888	\$ (141,310)
<b>13-Month Average: Dec 2020 - Dec 2021</b>		<b>B/ \$ 9,885,818</b>				<b>\$ (176,638)</b>

A/ Piedmont File 5B\_DefPensionAmort/Attrition Balance Tab. Balances Carried forward to Piedmont proposed Rate Base

B/ Piedmont Balance Transferred to Piedmont Working Capital Adjustment Tab D

C/ Workpaper DND RB 1.2

D/ Piedmont File 5B\_DefPensionAmort Adj/Summary Tab, Note (a)

E/ The Monthly portion of the annual credit (\$70,655) computed in CA Deferred Pension Expense Workpaper

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**To Calculate Consumer Advocate Eligible Pension Funding**

**Workpaper DND - RB-1.2**

			<u>Piedmont Funding Request</u>	<u>Consumer Advocate Adjustment</u>		<u>Consumer Advocate Eligible Funding</u>
FY	2012	A/	\$ 3,356,000	\$ (3,356,000)	B/	0
FY	2013	"	\$ 3,590,000	\$ (3,590,000)		0
FY	2014	"	\$ 1,807,000	\$ (1,807,000)		0
FY	2015	"	\$ 1,716,000	\$ (1,716,000)		0
FY	2016	"	\$ 1,734,000	\$ (1,734,000)		0
FY	2017	"	\$ 1,898,600	\$ -	\$	1,898,600
FY	2018	"	\$ -	\$ -	\$	-
FY	2019	"	\$ -	\$ 128,053	\$	128,053
FY	2020	"	\$ -	\$ -		
TOTAL			\$ 14,101,600	\$ (12,074,947)	\$	2,026,653

			<u>Contributions necessary to aovoide PBGC Insurance Premiums</u>	<u>Tennessee Allocation Percentage</u>		<u>Eligible Contributions</u>
	2017	B/	\$ 11,000,000	17.00%	C/	\$ 1,870,000
	2018	"	\$ -	17.00%	\$	-
	2019	"	\$ 753,255	17.00%	\$	128,053

A/ Piedmont Schedule 5B\_DefPensionAmort

B/ Response to Consumer Advocate Request 2-7

C/ Approximates Value Requested by Piedmont; therefore no adjustment necessary

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**Adjustment to Remove Non-Revenue**  
**Requirement Book/Tax Differences**

**Workpaper DND RB 2**

Line No	<u>Column A</u>		<u>Column B</u>		<u>Column C</u>	
	<u>Test Period Per Piedmont</u>		<u>Consumer Advocate Adjustment</u>		<u>Consumer Advocate Balance</u>	
1	ADIT Balances	A/ \$ (109,883,557)	B/ \$ (2,891,695)	A/ \$ (112,775,252)		
2	Attrition Factor		C/ <u>1.046</u>			
3	Attrition Period Adjustment		\$ (3,023,348)			

<b><u>Consumer Advocate ADIT Attrition Factor</u></b>		This factor is based upon ADIT balances and does not include the regulatory liability which is amortized on a separate timeline established by the Commission	
4	CA Attrition Period ADIT Before Adjustment	D/ \$ (129,979,358)	
5	Attrition Period ADIT per Piedmont	E/ <u>(124,319,362)</u>	
6	Attrition Period Factor	1.046	

A/ Workpaper DND RB 2.1

B/ Column C - Column A

C/ Line 6

D/ Workpaper RB - 30-2.00

E/ Piedmont QPB Exhibit\_6 ADIT Summary

Piedmont Natural Gas Company, Inc.  
Docket No. 20-00086  
To eliminate Below the Line and non-recurring ADIT Components

Workpaper DND RB 2.1

Line No.	Test Period		Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	13month Avg
1	Accumulated Deferred Income Taxes	A/	\$ (102,672,210)	\$ (102,672,210)	\$ (104,176,336)	\$ (105,006,112)	\$ (105,006,112)	\$ (108,973,155)	\$ (118,448,307)	\$ (118,448,307)	\$ (122,353,527)	\$ (109,324,181)	\$ (109,261,461)	\$ (109,261,461)	\$ (112,882,864)	(109,883,557)
2	Regulatory Liability		(83,911,377)	(83,911,377)	(83,911,377)	(83,644,950)	(83,644,950)	(83,178,112)	(83,001,762)	(82,914,757)	(81,265,719)	(79,987,034)	(79,987,034)	(78,626,173)	(76,385,401)	(81,874,617)
3	Total ADIT and EDIT		(186,583,587)	(186,583,587)	(188,087,713)	(188,651,062)	(188,651,062)	(192,151,267)	(201,450,069)	(201,363,064)	(203,619,246)	(189,311,215)	(189,248,495)	(187,887,634)	(189,268,265)	(191,758,174)
4	Excluded ADIT Components	B/	11,447,643	11,447,643	11,049,234	9,988,819	9,988,819	9,502,558	(1,057,812)	(1,057,812)	(4,045,660)	(4,833,383)	(4,833,383)	(4,833,383)	(5,171,248)	2,891,695
5	Net ADIT Balance (Line 1 + Line 4)		(114,119,853)	(114,119,853)	(115,225,570)	(114,994,931)	(114,994,931)	(118,475,713)	(117,390,495)	(117,390,495)	(118,307,867)	(104,490,798)	(104,428,078)	(104,428,078)	(107,711,616)	(112,775,252)
6	Consumer Advocate Test Period ADIT/Regulatory Liability Balance		(198,031,230)	(198,031,230)	(199,136,947)	(198,639,880)	(198,639,881)	(201,653,825)	(200,392,257)	(200,305,252)	(199,573,586)	(184,477,833)	(184,415,113)	(183,054,251)	(184,097,016)	(194,649,869)

A/ Workpaper WHN RB-30-2.00

B/ Workpaper DND RB 2.3





Code	Name	March-19	April-19	May-19	June-19	July-19	August-19	September-19	October-19	November-19	December-19	January-20	February-20	March-20
Total	Subtotal Excluded Items	11,447,643	11,447,643	11,049,234	9,988,819	9,988,819	9,502,558	(1,057,812)	(1,057,812)	(4,045,660)	(4,833,383)	(4,833,383)	(4,833,383)	(5,171,248)

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**To eliminate non-recurring Severance Costs**

**CONFIDENTIAL**

**Workpaper DND Exp-1**

Source: Response to Consumer Advocate Request 1-59

<b>Total Piedmont Charges</b>			<b>Average TN Allocation</b>	<b>Test Period Adjustment by Account</b>
<b>Account</b>	<b>Direct-charged to Piedmont</b>	<b>Allocated from DEBS</b>		
A/ 0920000			16.93%	
0930200			16.93%	
0903100			16.93%	
0903200			16.93%	
0903300			16.93%	

Amounts tie to the response:

Test Period Adjustment	\$	(91,264)
Attrition Factor	B/	<u>1.053089</u>
Attrition Period Adjustment	\$	<u>(96,110)</u>

**Determination of Effective Piedmont-Tennessee Allocator**

*(Source 1-59)*

Amount allocated to Piedmont Tennessee

Total Piedmont Costs

Effective Allocation to Piedmont - Tennessee

A/ Response to Consumer Advocate 1-59

B/ WHN Workpaper E-40-3.00

Piedmont Natural Gas Company, Inc.  
Docket No. 20-00086  
CAD Data Request No. 1, Item 59  
Severance Costs 04.2019 - 03.2020

CONFIDENTIAL

Workpaper DND-Exp 1.1

This worksheet is identical to the response to Consumer Advocate Request 1-59

Account	Direct-charged to Piedmont	Allocated from DEBS	Total Charged to Piedmont
0920000			
0920000			
0930200			
0903100			
0903200			
0903300			
0920000			
0920000			
Total			
Approximate TN Portion - 16.85% of 2019 costs, 17% of 2020 costs			91,264
Effective Allocation % to Piedmont Tennessee			16.93%

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**To eliminate out of Period Rent Expense**

**Workpaper DND Exp 2**

**Confidential**

	<u>Account</u>		<u>Amount</u>	<u>Source</u>
To Eliminate out of period charges from the Test Period	931001	A/		CA Discovery Response 2-16, Attachment 1; See Workpaper DND Exp 2.1
To Eliminate out of period credits from the Test Period	931001	A/	<u>                    </u>	
Test Period Adjustment				
Attrition Factor	931001	B/	<u>1.046460</u>	
Attrition Period Adjustment			<u>\$ (129,402)</u>	

A/ Workpaper DND Exp 2.1; Response to Consumer Advocate 2-16, Attachment 1

B/ WHN Workpaper E-40-4.00

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**To eliminate out of Period Rent Expense**

**Confidential**  
**Workpaper DND Exp 2.1**

**Company Response to Consumer Advocate 2-16, Item 1**

	January 2019	February 2019	March 2019	Total	<b>TN %</b>	Allocated TN
Total Rent & CAM from invoice						
Minus CAM						
Rent portion						
Voucher ID						

Company Response 2-16 (b)

b. These transactions were to allocate 30% of the PTC rent and CAM cost to DEBS for the months of January 2019 through April 2019. Due to implementation of the new Lease Accounting standard ASC-842 in January 2019, the allocation was not recorded in January through March so it was caught up in April. See 2-16 Attachment 1 of 2 for the supporting documentation of the \$187,455 charge.

**Company Response to Consumer Advocate 2-16, Item 2**

d. April 2019 includes a credit of \$85,063.92 which equates to 4 months of the monthly credit amount since a YTD catch up was done. Twelve monthly credits should be included to achieve a normalized level of expense.

Total Credits Recorded in Test Period applicable to January - April, 2019	\$ 85,064
Months Associated with Credits	<u>4</u>
Credit per Month	\$ 21,266
Months credited outside the Test Period	<u>3</u>
Credit Associated with Months prior to the Test Period	\$ 63,798

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**To eliminate non-recurring Transition Costs**

**Workpaper DND Exp 3**

Source: Consumer Advocate Request 2-32 (b)

Line No	Account	Description	Amount	Notes
1	926000	To remove non-recurring transition costs in the Test Period (Gross)	A/ \$ 528,235	
2		Less: Capitalized Portion	B/ <u>30.88%</u>	
3		Capitalized Portion	<u>\$ 163,119</u>	Line 1 * Line 2
4		O&M Test Period Adjustment	\$ (365,116)	Line 1 - Line 3
5		Attrition Factor	C/ <u>1.046460</u>	
6	926000	Attrition Period Adjustment	<u><u>\$ (382,079)</u></u>	Line 4 * Line 5

A/ Response to Consumer Advocate 2-32  
B/ Piedmont Schedule 5F\_Other; Ben/RSP Tab  
C/ WHN Workpaper E-40-4.00

CAD DR 2 Item 32 Attachment

- 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.

Sum of TN Amount	
Journal Line Descr JD	Total
330 401ER	454,584
330 401KMAT	1,251,924
330 FAPER	528,235
<b>Grand Total</b>	<b>2,234,742</b>

The cost above is the RSP match which represents the cash funds that were transfered from Duke Energy to Fidelity and posted to individual employees' saving accounts

b)

Sum of TN Amount		
Journal Line Descr JD	Total	
330 401ER	454,584	Employer Retirement Contribution provides 4% of eligible pay for each pay period to non-pension eligible RSP participants, subject to IRS limits
330 401KMAT	1,251,924	Company provides 100% matching contributions for pre-tax and/or Roth contributions up to 6% of eligible pay for each pay period to RSP participants, subject to IRS limits
330 FAPER	528,235	Active participants of the Piedmont Retirement plan on Dec. 31, 2017 receive employer transition credit contributions of 3%, 4,% or 5% of eligible pay based on vesting service as of Dec. 31, 2017 for the 3-year period ending Dec. 31, 2020, subject to continued employment and IRS limits
401Kexpense	4,078	Accrual/Reversal of RSP match on incentive payout
EMPL PENSIONS AND BENEFIT	37,457	Accrual/Reversal of RSP match of bi-weekly employees for the last December payroll that occurs in January
<b>Grand Total</b>	<b>2,276,277</b>	



Piedmont Natural Gas Company, Inc.  
Docket No. 20-00086  
Other Benefit Costs

Piedmont Natural Gas - File 5f\_OtherBen Adj  
Tab: RSP details

Workpaper DND Exp 3.2

Accounting Period CMD	Fiscal Year CMD	Journal Date JD	Bus Unit	Oper Unit	Oper Unit Long Descr CB	Account ID CB	Account Long Descr CE	All RC	Long Descr CB	Journal Line De	Monetary Amount JD	Voucher ID JD	TN %	TN Amount
3	2020	3/31/2020	47158	PNGN	PNG Gas Other - Three St	0926000	Employee Benefits		Employee Benefits	330 FAPER	487950.65		0.17	82951.6105
4	2019	4/30/2019	47158	PNGN	PNG Gas Other - Three St	0926000	Employee Benefits		Employee Benefits	330 FAPER	231372.51		0.1685	38986.26794
5	2019	5/31/2019	47158	PNGN	PNG Gas Other - Three St	0926000	Employee Benefits		Employee Benefits	330 FAPER	231203.42		0.1685	38957.77627
6	2019	6/30/2019	47158	PNGN	PNG Gas Other - Three St	0926000	Employee Benefits		Employee Benefits	330 FAPER	229247.52		0.1685	38628.20712
7	2019	7/31/2019	47158	PNGN	PNG Gas Other - Three St	0926000	Employee Benefits		Employee Benefits	330 FAPER	230749.23		0.1685	38881.24526
8	2019	8/31/2019	47158	PNGN	PNG Gas Other - Three St	0926000	Employee Benefits		Employee Benefits	330 FAPER	294286.34		0.1685	49587.24829
9	2019	9/30/2019	47158	PNGN	PNG Gas Other - Three St	0926000	Employee Benefits		Employee Benefits	330 FAPER	229684.97		0.1685	38701.91745
10	2019	10/31/2019	47158	PNGN	PNG Gas Other - Three St	0926000	Employee Benefits		Employee Benefits	330 FAPER	233355.24		0.1685	39320.35794
2	2020	2/29/2020	47158	PNGN	PNG Gas Other - Three St	0926000	Employee Benefits		Employee Benefits	330 FAPER	219278.82		0.17	37277.3994
1	2020	1/31/2020	47158	PNGN	PNG Gas Other - Three St	0926000	Employee Benefits		Employee Benefits	330 FAPER	275773.99		0.17	46881.5783
11	2019	11/30/2019	47158	PNGN	PNG Gas Other - Three St	0926000	Employee Benefits		Employee Benefits	330 FAPER	235266.2		0.1685	39642.3547
12	2019	12/31/2019	47158	PNGN	PNG Gas Other - Three St	0926000	Employee Benefits		Employee Benefits	330 FAPER	228006.57		0.1685	38419.10705
											13,478,617.25			2,276,834.94
												Total 330 FAPER	\$	528,235

Piedmont Natural Gas Company, Inc.  
Docket No. 20-00086  
To Remove out of Period Costs

CONFIDENTIAL

Workpaper DND Exp 4

Line No.	Account	Description	Amount	Notes
1				Work Integration Process Services; Confidential Attachment 2-22 Attachment 1.
2		Total Test Year Reduction to Operating Expenses	\$ (44,398)	
3		Attrition Factor	B/ 1.04646	
4		Attrition Period Adjustment	\$ (46,461)	

A/ Source: Response to Consumer Advocate Request 2-22, accounts identified on Exhibit PMN-3, page 231.

B/ WHN Workpaper E-40-4.00

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**To Remove Allocated Costs Unrelated to**  
**Piedmont Tennessee operations**

**Workpaper DND Exp 5**

<u>Account</u>	<u>Item</u>	<u>Amount</u>
92300	To Remove Costs Related to the Provision of Electric Service	A/ \$ (52,475)
	Attrition Factor	B/ <u>1.046460</u>
92300	Total Attrition Period Adjustment	<u>\$ (54,913)</u>

A/ Workpaper DND - 5.1  
B/ WHN Workpaper E-40-4.00

Piedmont Natural Gas Company, Inc.  
Docket No. 20-00086  
To Remove Allocated Costs Unrelated to Piedmont  
Tennessee operations

CONFIDENTIAL

Workpaper DND Exp 5.1

Source for invoice references: Response to Consumer Advocate 1-71 Attachments (Outside Services)

Amount	Description	File Source
	Accounting Firms - Tax Studies	

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5,531,532 Total Costs Improperly Allocated to Piedmont-Tennessee

5.63% DR 1-71 attachment 6 of 10 CONFIDENTIAL Item 5L

16.85% DR 1-71 attachment 6 of 10 CONFIDENTIAL Item 5L

52,475 Excluded Piedmont-Tennessee Expenses - Account 923.

Piedmont Natural Gas Company, Inc.  
Docket No. 20-00086  
To Remove Costs Assigned Using Factor  
DGOV3FFACT

CONFIDENTIAL

Workpaper DND Exp 6

Line No.	Account	Description	Amount
1			
2			
3			
4			
5	Calculated Error DV03FFACT	Line 3* Line 4	\$ (245,624)
6	Less: Specific Adjustment	Line 1	A/ \$ 52,475
7	Additional Exclusion Based Upon Sample	Line 5 - Line 6	\$ (193,149)
8	Attrition Factor		D/ 1.046460
9	Attrition Period Reduction to A&G	Line 7 * Line 8	\$ (202,123)
A/	DND Workpaper Exp 5		
B/	Response to Consumer Advocate Request 1-71; Attachment 1 of 10.		
C/	Response to Consumer Advocate Request 1-57; Piedmont file 5K Other AG Adj		
D/	WHN Workpaper E-40-4.00		

Piedmont Natural Gas Company Inc  
Docket 20-00086  
To Remove Allocated Costs Erroneously Charged to Piedmont-Tennessee

CAD Data Request No. 1, Item 71  
Account 923 Outside Services  
Sample of invoices and any supporting accounting information  
Source: MFR 14

Workpaper DND Exp 6.1

Item	Accounting	Fiscal Year	Bus Unit ID	Jurisdiction	Account Long Des	Allocation Pool	Resource Type Long Des	Journal Descr JD	Source CD	Monetary Amount	Vendor Name JD	TN %	TN Amount	
1	12	2019	47151	3 State	Outside Services E		Direct Mat/Purchases Acct	Accounting Entries from Max	EAM Maxim	159,786.00	EMC CORPORATIO	16.85%	26,923.94	DR 1-71 attachment 1 of 9
2	12	2019	47156	3 State	Outside Services E		Consultant	To record Legal accruals for	DEBS Fin A	13,200.00		16.85%	2,224.20	DR 1-71 attachment 2 of 9
3	12	2019	47158	3 State	Outside Services E	ENT3FFENV	Other Contracts	Env Affrs 3FF ENT	GL Allocat	12,677.10		16.85%	2,136.09	DR 1-71 attachment 3 of 9
4	5	2019	47156	3 State	Outside Services E		Consultant	Reclass Gas CTA work to fu	Gas Perfor	2,412,274.24		16.85%	406,468.21	DR 1-71 attachment 4 of 9
5	10	2019	47150	3 State	Outside Services E	DGOV3FFACT	Consultant	Misc 3FF Gvrnce ENT - New	GL Allocat	349,732.90		16.85%	58,929.99	DR 1-71 attachment 5 of 9
6	2	2019	47151	3 State	Outside Services E		Consultant	Accounts Payable - Accrual	Accounts P	268,574.00	PWC HOLDINGS N	16.85%	45,254.72	DR 1-71 attachment 6 of 9
7	10	2019	47156	3 State	Outside Services E		Consultant	Accounts Payable - Accrual	Accounts P	19,783.80	MCGUIRE WOODS	16.85%	3,333.57	DR 1-71 attachment 7 of 9
8	7	2019	47156	3 State	Outside Services E		Consultant	Accounts Payable - Accrual	Accounts P	18,756.83	MCGUIRE WOODS	16.85%	3,160.53	DR 1-71 attachment 8 of 9
9	9	2019	47136	Tennessee	Outside Services Employed		Consultant	Accounts Payable - Accrual	Accounts P	43,056.50	WALLER LANSDE	100.00%	43,056.50	DR 1-71 attachment 9 of 9

**Grand Total                    591,488**

**Total Excluding Reclass                    185,020**

Piedmont Natural Gas Company, Inc.  
Docket No. 20-00086  
To Identify Costs Associated with DGOV3FACT Allocation Pool

Worksheet DND 6.2

Source: Piedmont File SK Other AG ADJ/ Tab Other A&G Detail

Accounting	Fiscal Year	Journal Date	Bus Unit	IC Account	ID Allocation	Pool ID	CB	Resp	Cents	Resource	Type	Long Descr	CB	Monetary	Amount	TN %	TN Amount
4	2019	4/30/2019	47150	0921400	DGOV3FACT	6969	IT Hardware Purchase	9526	4.17	0.1685				4.17	0.75		
5	2019	5/31/2019	47150	0921400	DGOV3FACT	9526	IT Hardware Purchase	9526	3.08	0.1685				3.08	0.52		
6	2019	6/30/2019	47150	0921400	DGOV3FACT	6969	IT SOFTWARE MAINTENANCE	9526	175.52	0.1685				175.52	29.58		
7	2019	7/31/2019	47150	0921400	DGOV3FACT	9526	IT Hardware Purchase	9526	4.35	0.1685				4.35	0.73		
8	2019	8/31/2019	47150	0921400	DGOV3FACT	6969	IT Hardware Purchase	9526	6.04	0.1685				6.04	1.02		
9	2019	9/30/2019	47150	0921400	DGOV3FACT	6969	IT Hardware Purchase	9526	1.51	0.1685				1.51	0.25		
12	2019	12/31/2019	47150	0921400	DGOV3FACT	9526	IT Hardware Purchase	9526	10.9	0.1685				10.9	1.84		
12	2019	12/31/2019	47150	0921400	DGOV3FACT	9526	IT SOFTWARE MAINTENANCE	9526	47.22	0.1685				47.22	7.96		
2	2020	2/29/2020	47150	0921400	DGOV3FACT	6969	IT Software Purchase	9526	9.88	0.17				9.88	1.68		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	9526	Dues - Deductible	9526	4.58	0.17				4.58	0.78		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	9526	PersMobileDevice reimbursement	9526	17.19	0.17				17.19	2.92		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	9526	Air Travel Cost	9526	21.05	0.17				21.05	3.58		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	9526	Travel Expenses	9526	88.7	0.17				88.7	15.08		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	8727	Dues - Deductible	8727	15.76	0.17				15.76	2.68		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	8727	Meals and Entertainment (50%)	8727	0.54	0.17				0.54	0.09		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	8727	PersMobileDevice reimbursement	8727	5.73	0.17				5.73	0.97		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	8727	Travel Expenses	8727	79.92	0.17				79.92	13.59		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	8262	Dues - Deductible	8262	16.73	0.17				16.73	2.84		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	6969	Dues - Deductible	6969	5.73	0.17				5.73	0.97		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	6969	Meals and Entertainment (50%)	6969	7.87	0.17				7.87	1.34		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	6969	PersMobileDevice reimbursement	6969	45.84	0.17				45.84	7.79		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	6969	Air Travel Cost	6969	38.84	0.17				38.84	6.60		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	6969	Travel Expenses	6969	54.15	0.17				54.15	9.21		
2	2020	2/29/2020	47150	0921100	DGOV3FACT	6969	Direct Purchases	6969	0.65	0.17				0.65	0.11		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	9526	PersMobileDevice reimbursement	9526	8.6	0.17				8.6	1.46		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	9526	Travel Expenses	9526	39.69	0.17				39.69	6.75		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	9526	PersMobileDevice reimbursement	9526	8.6	0.17				8.6	1.46		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	9526	Air Travel Cost	9526	43.56	0.17				43.56	7.41		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	9526	Travel Expenses	9526	6.88	0.17				6.88	1.14		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	9511	Travel Expenses	9511	3.89	0.17				3.89	0.66		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	8727	PersMobileDevice reimbursement	8727	5.73	0.17				5.73	0.97		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	8727	Travel Expenses	8727	199.01	0.17				199.01	33.83		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	6969	Personal Vehicle Mileage Reimb	6969	13.21	0.17				13.21	2.25		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	6969	Meals and Entertainment (50%)	6969	5.68	0.17				5.68	0.97		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	6969	PersMobileDevice reimbursement	6969	25.79	0.17				25.79	4.38		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	6969	Air Travel Cost	6969	20.42	0.17				20.42	3.47		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	6969	Travel Expenses	6969	15.24	0.17				15.24	2.59		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	6969	Direct Material Purchases	6969	0.39	0.17				0.39	0.07		
1	2020	1/31/2020	47150	0921100	DGOV3FACT	6969	Direct Purchases	6969	0.82	0.17				0.82	0.14		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	6969	Dues - Deductible	6969	20.55	0.1685				20.55	3.46		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	9513	Meals and Entertainment (50%)	9513	2.4	0.1685				2.4	0.40		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	9552	Meals and Entertainment (50%)	9552	1.64	0.1685				1.64	0.27		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	8727	Meals and Entertainment (50%)	8727	2.14	0.1685				2.14	0.36		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	6969	Meals and Entertainment (50%)	6969	46.49	0.1685				46.49	7.83		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	9513	PersMobileDevice reimbursement	9513	14.08	0.1685				14.08	2.37		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	9526	PersMobileDevice reimbursement	9526	14.08	0.1685				14.08	2.37		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	8727	PersMobileDevice reimbursement	8727	19.71	0.1685				19.71	3.32		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	7286	PersMobileDevice reimbursement	7286	16.88	0.1685				16.88	2.85		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	6969	PersMobileDevice reimbursement	6969	78.82	0.1685				78.82	13.28		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	9513	Air Travel Cost	9513	3.38	0.1685				3.38	0.57		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	6969	Air Travel Cost	6969	30.08	0.1685				30.08	5.04		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	9513	Travel Expenses	9513	92.2	0.1685				92.2	15.54		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	9526	Travel Expenses	9526	16.79	0.1685				16.79	2.83		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	9511	Travel Expenses	9511	14.37	0.1685				14.37	2.42		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	8727	Travel Expenses	8727	14.26	0.1685				14.26	2.40		
12	2019	12/31/2019	47150	0921100	DGOV3FACT	6969	Travel Expenses	6969	259.53	0.1685				259.53	43.73		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	8262	Direct Purchases	8262	1.29	0.1685				1.29	0.21		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	8262	Dues - Deductible	8262	16.05	0.1685				16.05	2.70		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	6969	Meals and Entertainment (50%)	6969	7.63	0.1685				7.63	1.29		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	9513	PersMobileDevice reimbursement	9513	5.63	0.1685				5.63	0.95		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	9526	PersMobileDevice reimbursement	9526	14.08	0.1685				14.08	2.37		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	8727	PersMobileDevice reimbursement	8727	5.63	0.1685				5.63	0.95		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	6969	PersMobileDevice reimbursement	6969	42.23	0.1685				42.23	7.12		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	6969	Air Travel Cost	6969	3.38	0.1685				3.38	0.57		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	9526	Travel Expenses	9526	12.2	0.1685				12.2	2.06		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	9511	Travel Expenses	9511	16.44	0.1685				16.44	2.77		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	8262	Travel Expenses	8262	7.03	0.1685				7.03	1.18		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	6973	Travel Expenses	6973	1.56	0.1685				1.56	0.26		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	6969	Travel Expenses	6969	71.08	0.1685				71.08	11.98		
11	2019	11/30/2019	47150	0921100	DGOV3FACT	6969	Direct Purchases	6969	0.12	0.1685				0.12	0.02		
10	2019	10/31/2019	47150	0921100	DGOV3FACT	8727	Dues - Deductible	8727	32.09	0.1685				32.09	5.41		
10	2019	10/31/2019	47150	0921100	DGOV3FACT	9552	Meals and Entertainment (50%)	9552	4.78	0.1685				4.78	0.81		
10	2019	10/31/2019	47150	0921100	DGOV3FACT	8727	Meals and Entertainment (50%)	8727	14.02	0.1685				14.02	2.35		
10	2019	10/31/2019	47150	0921100	DGOV3FACT	6969	Meals and Entertainment (50%)	6969	67.39	0.1685				67.39	11.36		
10	2019	10/31/2019	47150	0921100	DGOV3FACT	5829	PersMobileDevice reimbursement	5829	2.82	0.1685				2.82	0.48		
10	2019	10/31/2019	47150	0921100	DGOV3FACT	9513	PersMobileDevice reimbursement	9513	5.63	0.1685				5.63	0.95		
10	2019	10/31/2019	47150	0921100	DGOV3FACT	9526	PersMobileDevice reimbursement	9526	16.88	0.1685				16.88	2.85		
10	2019	10/31/2019	47150	0921100	DGOV3FACT	8727	PersMobileDevice reimbursement	8727	14.08	0.1685				14.08	2.37		
10	2019	10/31/2019	47150	0921100	DGOV3FACT	6969	PersMobileDevice reimbursement	6969	75.01	0.1685				75.01	12.81		
10	2019	10/31/2019	47150	0921100	DGOV3FACT	6969	Air Travel Cost	6969	9.01	0.1685				9.01	1.52		
10	2019	10/31/2019	47150														



Piedmont Natural Gas Company, Inc.  
Docket No. 20-00086  
To Identify Costs Associated with DGOV3FACT Allocation Pool

Worksheet DND 6.2

Source: Piedmont File SK Other AG ADJ/ Tab Other A&G Detail

Accounting	Fiscal Year	Journal Date	Bus Unit	IC Account	ID	Allocation Pool	ID	CB	Resp	Cents	Resource Type	Long Descr	CB	Monetary Amount	TN %	TN Amount
7	2019	7/31/2019	47150	0921100	DGOV3FACT	9690					Travel Expenses	8.22	0.1685	1.39		
7	2019	7/31/2019	47150	0921100	DGOV3FACT	9613					Travel Expenses	17.74	0.1685	2.99		
7	2019	7/31/2019	47150	0921100	DGOV3FACT	9526					Travel Expenses	1.86	0.1685	0.31		
7	2019	7/31/2019	47150	0921100	DGOV3FACT	9613					Travel Expenses	120.05	0.1685	20.23		
7	2019	7/31/2019	47150	0921100	DGOV3FACT	6969					Travel Expenses	239.05	0.1685	40.28		
7	2019	7/31/2019	47150	0921100	DGOV3FACT	6969					Direct Purchases	7.22	0.1685	1.22		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	9526					Dues - Deductible	6.76	0.1685	1.14		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	9526					Dues - Deductible	6.76	0.1685	1.14		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	8727					Dues - Deductible	3.38	0.1685	0.57		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	6969					Dues - Deductible	58.35	0.1685	9.93		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	6969					Personal Vehicle Mileage Reimb	12.58	0.1685	2.12		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	8262					Meals and Entertainment (50%)	5.4	0.1685	0.91		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	6969					Meals and Entertainment (50%)	25.28	0.1685	4.26		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	9613					PersnMobileDevice reimbursement	5.63	0.1685	0.95		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	9526					PersnMobileDevice reimbursement	8.45	0.1685	1.42		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	8727					PersnMobileDevice reimbursement	2.82	0.1685	0.48		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	8262					PersnMobileDevice reimbursement	14.08	0.1685	2.37		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	6969					PersnMobileDevice reimbursement	59.12	0.1685	9.96		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	6969					Air Travel Cost	119.07	0.1685	20.06		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	9613					Travel Expenses	78.54	0.1685	13.23		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	9526					Travel Expenses	8.33	0.1685	1.40		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	8727					Travel Expenses	36.07	0.1685	6.08		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	6969					Travel Expenses	6.06	0.1685	1.02		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	6969					Travel Expenses	214.07	0.1685	36.07		
6	2019	6/30/2019	47150	0921100	DGOV3FACT	8744					Office Supplies & Expenses	2.24	0.1685	0.38		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	6969					Telephone/Communications	5.63	0.1685	0.95		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	9613					Dues - Deductible	6.76	0.1685	1.14		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	9526					Dues - Deductible	11.54	0.1685	1.94		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	6969					Dues - Deductible	3.38	0.1685	0.57		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	6969					Personal Vehicle Mileage Reimb	17.64	0.1685	2.97		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	9526					Meals and Entertainment (50%)	1.24	0.1685	0.21		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	8727					Meals and Entertainment (50%)	6.05	0.1685	1.02		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	6969					Meals and Entertainment (50%)	158.84	0.1685	26.76		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	9613					PersnMobileDevice reimbursement	8.45	0.1685	1.42		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	9526					PersnMobileDevice reimbursement	39.41	0.1685	6.64		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	8727					PersnMobileDevice reimbursement	22.52	0.1685	3.79		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	6969					PersnMobileDevice reimbursement	81.64	0.1685	13.76		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	6969					Air Travel Cost	25.72	0.1685	4.33		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	9613					Travel Expenses	3.05	0.1685	0.51		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	9526					Travel Expenses	257.32	0.1685	43.36		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	8727					Travel Expenses	71.45	0.1685	12.04		
5	2019	5/31/2019	47150	0921100	DGOV3FACT	6969					Travel Expenses	400.55	0.1685	67.45		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	9526					Dues - Deductible	6.76	0.1685	1.14		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	8727					Dues - Deductible	24.3	0.1685	4.09		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	6969					Dues - Deductible	15.7	0.1685	2.65		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	9526					Meals and Entertainment (50%)	2.19	0.1685	0.37		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	9613					PersnMobileDevice reimbursement	5.63	0.1685	0.95		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	9526					PersnMobileDevice reimbursement	11.26	0.1685	1.90		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	8727					PersnMobileDevice reimbursement	2.82	0.1685	0.48		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	7266					PersnMobileDevice reimbursement	8.45	0.1685	1.42		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	6969					PersnMobileDevice reimbursement	22.52	0.1685	3.79		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	9526					Air Travel Cost	3.38	0.1685	0.57		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	8727					Air Travel Cost	14.54	0.1685	2.45		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	9613					Travel Expenses	9.37	0.1685	1.58		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	9526					Travel Expenses	116.43	0.1685	19.62		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	8727					Travel Expenses	0.17	0.1685	0.03		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	6969					Travel Expenses	1.30	0.1685	0.22		
4	2019	4/30/2019	47150	0921100	DGOV3FACT	6969					Direct Purchases	3.72	0.1685	0.63		
10	2019	10/31/2019	47150	0930200	DGOV3FACT	9699					Accounting Entry	1288	0.1685	217.03		
2	2020	2/28/2020	47150	0921200	DGOV3FACT	9511					Unclaimed Property	5672.94	0.17	954.40		
2	2020	2/28/2020	47150	0921200	DGOV3FACT	9511					Unclaimed Property	-1626.3	0.17	(276.47)		
2	2020	2/28/2020	47150	0921200	DGOV3FACT	6969					Telephone/Communications	13.03	0.17	2.22		
2	2020	2/28/2020	47150	0921200	DGOV3FACT	6969					Direct Mat/Purchases Accrual	-271.57	0.17	(46.17)		
2	2020	2/28/2020	47150	0921200	DGOV3FACT	6969					Office Supplies & Expenses	64.12	0.17	10.90		
2	2020	2/28/2020	47150	0921200	DGOV3FACT	6969					Direct Purchases	2.01	0.17	0.34		
1	2020	1/31/2020	47150	0921200	DGOV3FACT	9600					Accounting Entry	-5.14	0.17	(0.87)		
1	2020	1/31/2020	47150	0921200	DGOV3FACT	9613					Accounting Entry	6570.61	0.17	1,117.00		
1	2020	1/31/2020	47150	0921200	DGOV3FACT	9526					Accounting Entry	1952.07	0.17	331.85		
1	2020	1/31/2020	47150	0921200	DGOV3FACT	9511					Unclaimed Property	-869.83	0.17	(151.27)		
1	2020	1/31/2020	47150	0921200	DGOV3FACT	6969					Direct Mat/Purchases Accrual	39.39	0.17	6.70		
1	2020	1/31/2020	47150	0921200	DGOV3FACT	6969					Office Supplies & Expenses	31.8	0.17	5.41		
1	2020	1/31/2020	47150	0921200	DGOV3FACT	6969					Direct Purchases	1.23	0.17	0.21		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	9693					Accounting Entry	-27943.3	0.1685	(4,657.99)		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	1404					Accounting Entry	1784.42	0.1685	300.67		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	1404					Accounting Entry	42855.64	0.1685	7,221.18		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	9600					Accounting Entry	-655.44	0.1685	(110.44)		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	9526					Accounting Entry	6840.41	0.1685	1,152.81		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	8727					Accounting Entry	-289.44	0.1685	(48.77)		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	8727					Lease variable costs	1.23	0.1685	0.21		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	9600					Meals and Entertainment (50%)	10.37	0.1685	1.75		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	9600					Travel Expenses	213.69	0.1685	36.01		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	6969					Direct Mat/Purchases Accrual	148.18	0.1685	24.97		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	8727					Office Supplies & Expenses	5.63	0.1685	0.95		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	9600					Direct Material Purchases	-1.13	0.1685	(0.19)		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	9600					Direct Purchases	19.67	0.1685	3.34		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	8727					Direct Purchases	287.59	0.1685	48.45		
12	2019	12/31/2019	47150	0921200	DGOV3FACT	6969					Direct Purchases	3.66	0.1685	0.62		
11	2019	11/30/2019	47150	0921200	DGOV3FACT	9526					Accounting Entry	6283.81	0.1685	1,056.82		
11	2019	11/30/2019	47150	0921200</												

Piedmont Natural Gas Company, Inc.  
Docket No. 20-00086  
To Identify Costs Associated with DGOV3FACT Allocation Pool

Worksheet DND 6.2

Source: Piedmont File 5K Other AG ADJ/ Tab Other A&G Detail

Accounting Fiscal Year	Journal Date	Bus Unit	IC Account ID	Allocation Pool	ID CB	Resp Cents	Resource Type	Long Descr CB	Monetary Amount	TN %	TN Amount
3	2019	5/31/2019	47150	0923000	DGOV3FACT	6999	Direct Purchases	5.07	0.1685		0.85
4	2019	4/30/2019	47150	0921200	DGOV3FACT	8727	Lease variable costs	1.83	0.1685		0.31
4	2019	4/30/2019	47150	0921200	DGOV3FACT	9511	Unclaimed Property	-3185	0.1685		(536.67)
4	2019	4/30/2019	47150	0921200	DGOV3FACT	9526	Direct Purchases	3.32	0.1685		0.56
2	2020	2/29/2020	47150	0923000	DGOV3FACT	9526	Other Contracts	453.38	0.17		77.07
2	2020	2/29/2020	47150	0923000	DGOV3FACT	8727	Consultant	38947.8	0.17		6,621.13
2	2020	2/29/2020	47150	0923000	DGOV3FACT	9526	Tumley Service Contract Labor	378.68	0.17		64.38
2	2020	2/29/2020	47150	0923000	DGOV3FACT	8396	Consultant	44.34	0.17		7.54
2	2020	2/29/2020	47150	0923000	DGOV3FACT	6999	Consultant	5210.88	0.17		885.85
2	2020	2/29/2020	47150	0923000	DGOV3FACT	9526	Direct Mat/Purchases Accrual	-701.47	0.17		(119.29)
1	2020	1/31/2020	47150	0923000	DGOV3FACT	9613	Other Contracts	24945.65	0.17		4,240.75
1	2020	1/31/2020	47150	0923000	DGOV3FACT	9526	Direct Mat/Purchases Accrual	70.62	0.17		12.01
1	2020	1/31/2020	47150	0923000	DGOV3FACT	8966	Consultant	348.1	0.17		59.18
1	2020	1/31/2020	47150	0923000	DGOV3FACT	8755	Consultant	57986.31	0.17		9,857.67
1	2020	1/31/2020	47150	0923000	DGOV3FACT	8755	Contract/Outside Services NLRB	-50145.69	0.17		(8,524.77)
1	2020	1/31/2020	47150	0923000	DGOV3FACT	8727	Consultant	36289.98	0.17		6,169.30
1	2020	1/31/2020	47150	0923000	DGOV3FACT	8396	Tumley Service Contract Labor	538.65	0.17		91.57
1	2020	1/31/2020	47150	0923000	DGOV3FACT	6999	Other Contracts	2.15	0.17		0.37
1	2020	1/31/2020	47150	0923000	DGOV3FACT	6999	Tumley Service Contract Labor	-18.11	0.17		(3.08)
1	2020	1/31/2020	47150	0923000	DGOV3FACT	6999	Consultant	780.16	0.17		129.23
12	2019	12/31/2019	47150	0923000	DGOV3FACT	8727	Accounting Entry	-2392.75	0.1685		(403.18)
12	2019	12/31/2019	47150	0923000	DGOV3FACT	9613	Other Contracts	2424.88	0.1685		408.59
12	2019	12/31/2019	47150	0923000	DGOV3FACT	9526	Other Contracts	334.22	0.1685		58.32
12	2019	12/31/2019	47150	0923000	DGOV3FACT	6999	Other Contracts	1.97	0.1685		0.33
12	2019	12/31/2019	47150	0923000	DGOV3FACT	6999	Tumley Service Contract Labor	7345.92	0.1685		1,237.79
12	2019	12/31/2019	47150	0923000	DGOV3FACT	8755	Consultant	39476.71	0.1685		6,651.83
12	2019	12/31/2019	47150	0923000	DGOV3FACT	8727	Consultant	41218.95	0.1685		6,945.39
12	2019	12/31/2019	47150	0923000	DGOV3FACT	6999	Consultant	839.04	0.1685		141.38
12	2019	12/31/2019	47150	0923000	DGOV3FACT	9526	Contract/Outside Services NLRB	281.5	0.1685		47.43
12	2019	12/31/2019	47150	0923000	DGOV3FACT	8755	Contract/Outside Services NLRB	-22617.09	0.1685		(3,810.98)
12	2019	12/31/2019	47150	0923000	DGOV3FACT	9511	Audit Fees	45978.3	0.1685		7,747.34
2	2019	12/31/2019	47150	0923000	DGOV3FACT	6999	Direct Mat/Purchases Accrual	112.07	0.1685		18.87
11	2019	11/30/2019	47150	0923000	DGOV3FACT	8755	Accounting Entry	8837.92	0.1685		1,489.19
11	2019	11/30/2019	47150	0923000	DGOV3FACT	8727	Accounting Entry	-15299.24	0.1685		(2,577.92)
11	2019	11/30/2019	47150	0923000	DGOV3FACT	9613	Other Contracts	9613	0.1685		1,613.33
11	2019	11/30/2019	47150	0923000	DGOV3FACT	6999	Tumley Service Contract Labor	8348.41	0.1685		1,406.71
11	2019	11/30/2019	47150	0923000	DGOV3FACT	8755	Consultant	8445	0.1685		1,422.98
11	2019	11/30/2019	47150	0923000	DGOV3FACT	8727	Consultant	36078.9	0.1685		6,079.29
11	2019	11/30/2019	47150	0923000	DGOV3FACT	6999	Consultant	383.41	0.1685		64.60
11	2019	11/30/2019	47150	0923000	DGOV3FACT	8755	Contract/Outside Services NLRB	-8445	0.1685		(1,422.98)
11	2019	11/30/2019	47150	0923000	DGOV3FACT	9511	Audit Fees	45978.3	0.1685		7,747.34
11	2019	11/30/2019	47150	0923000	DGOV3FACT	6999	Direct Mat/Purchases Accrual	50.64	0.1685		8.53
10	2019	10/31/2019	47150	0923000	DGOV3FACT	9613	Other Contracts	14.35	0.1685		2.42
10	2019	10/31/2019	47150	0923000	DGOV3FACT	9526	Other Contracts	4	0.1685		0.67
10	2019	10/31/2019	47150	0923000	DGOV3FACT	6999	Other Contracts	5.97	0.1685		1.01
10	2019	10/31/2019	47150	0923000	DGOV3FACT	6999	Tumley Service Contract Labor	-8348.4	0.1685		(1,406.71)
10	2019	10/31/2019	47150	0923000	DGOV3FACT	8755	Consultant	309681.86	0.1685		52,181.39
10	2019	10/31/2019	47150	0923000	DGOV3FACT	8727	Consultant	38952.42	0.1685		6,563.48
10	2019	10/31/2019	47150	0923000	DGOV3FACT	6999	Consultant	1098.62	0.1685		185.12
10	2019	10/31/2019	47150	0923000	DGOV3FACT	8755	Contract/Outside Services NLRB	-292722.42	0.1685		(49,323.73)
10	2019	10/31/2019	47150	0923000	DGOV3FACT	8727	Contract/Outside Services NLRB	-22953.38	0.1685		(385.77)
10	2019	10/31/2019	47150	0923000	DGOV3FACT	9511	Audit Fees	57238.35	0.1685		9,644.66
9	2019	9/30/2019	47150	0923000	DGOV3FACT	9613	Other Contracts	355.87	0.1685		59.96
9	2019	9/30/2019	47150	0923000	DGOV3FACT	9526	Other Contracts	2201.32	0.1685		370.92
9	2019	9/30/2019	47150	0923000	DGOV3FACT	6999	Other Contracts	75.49	0.1685		12.72
9	2019	9/30/2019	47150	0923000	DGOV3FACT	6999	Tumley Service Contract Labor	8348.4	0.1685		1,406.71
9	2019	9/30/2019	47150	0923000	DGOV3FACT	6999	SA Vndr Emp Exp - 100% Deduct	9.08	0.1685		1.53
9	2019	9/30/2019	47150	0923000	DGOV3FACT	6999	SA Vendor Emp Exp-Per Diem	4.79	0.1685		0.81
9	2019	9/30/2019	47150	0923000	DGOV3FACT	6999	SA Crct Emp Exp-50% Deduct	1.24	0.1685		0.21
9	2019	9/30/2019	47150	0923000	DGOV3FACT	6999	Consultant	4216.46	0.1685		710.40
9	2019	9/30/2019	47150	0923000	DGOV3FACT	8755	Contract/Outside Services NLRB	375693.09	0.1685		63,304.29
9	2019	9/30/2019	47150	0923000	DGOV3FACT	8727	Contract/Outside Services NLRB	37952.02	0.1685		6,394.92
9	2019	9/30/2019	47150	0923000	DGOV3FACT	9511	Audit Fees	61179.35	0.1685		10,305.72
9	2019	9/30/2019	47150	0923000	DGOV3FACT	9526	Direct Mat/Purchases Accrual	-9482.99	0.1685		(1,597.88)
9	2019	9/30/2019	47150	0923000	DGOV3FACT	6999	Direct Mat/Purchases Accrual	-1403.47	0.1685		(236.48)
8	2019	8/31/2019	47150	0923000	DGOV3FACT	9526	Other Contracts	2342.08	0.1685		394.64
8	2019	8/31/2019	47150	0923000	DGOV3FACT	6999	Other Contracts	1.97	0.1685		0.33
8	2019	8/31/2019	47150	0923000	DGOV3FACT	6999	Tumley Service Contract Labor	10214.4	0.1685		1,721.13
8	2019	8/31/2019	47150	0923000	DGOV3FACT	6999	SA Vndr Emp Exp - 100% Deduct	0.35	0.1685		0.06
8	2019	8/31/2019	47150	0923000	DGOV3FACT	6999	SA Vendor Emp Exp-Per Diem	19.15	0.1685		3.23
8	2019	8/31/2019	47150	0923000	DGOV3FACT	6999	SA Crct Emp Exp-50% Deduct	4.01	0.1685		0.68
8	2019	8/31/2019	47150	0923000	DGOV3FACT	6999	Consultant	1818.54	0.1685		306.42
8	2019	8/31/2019	47150	0923000	DGOV3FACT	9526	Contract/Outside Services NLRB	117.37	0.1685		19.83
8	2019	8/31/2019	47150	0923000	DGOV3FACT	8755	Contract/Outside Services NLRB	26674.21	0.1685		4,494.60
8	2019	8/31/2019	47150	0923000	DGOV3FACT	8727	Contract/Outside Services NLRB	35726.12	0.1685		6,019.85
8	2019	8/31/2019	47150	0923000	DGOV3FACT	9511	Audit Fees	57238.35	0.1685		9,644.66
8	2019	8/31/2019	47150	0923000	DGOV3FACT	6999	Direct Mat/Purchases Accrual	19299.99	0.1685		3,250.20
3	2020	3/31/2020	47150	0923000	DGOV3FACT	6999	Consultant	436.25	0.17		74.16
3	2020	3/31/2020	47150	0923000	DGOV3FACT	6999	Tumley Service Contract Labor	15045.49	0.17		2,557.73
3	2020	3/31/2020	47150	0923000	DGOV3FACT	8396	Consultant	6.12	0.17		1.04
3	2020	3/31/2020	47150	0923000	DGOV3FACT	8396	Tumley Service Contract Labor	671.61	0.17		114.17
3	2020	3/31/2020	47150	0923000	DGOV3FACT	8727	Consultant	38939.39	0.17		6,619.70
3	2020	3/31/2020	47150	0923000	DGOV3FACT	8755	Contract/Outside Services NLRB	23287.62	0.17		3,958.90
3	2020	3/31/2020	47150	0923000	DGOV3FACT	9526	Other Contracts	32.87	0.17		5.59
3	2020	3/31/2020	47150	0923000	DGOV3FACT	9613	Other Contracts	-14619.73	0.17		(2,485.30)
7	2019	7/31/2019	47150	0923000	DGOV3FACT	9613	Other Contracts	7881.72	0.1685		1,328.07
7	2019	7/31/2019	47150	0923000	DGOV3FACT	9544	Other Contracts	5.01	0.1685		0.84
7	2019	7/31/2019	47150	0923000	DGOV3FACT	9526	Other Contracts	8008.89	0.1685		1,349.50
7	2019	7/31/2019	47150	0923000	DGOV3FACT	6999	Other Contracts	4.36	0.1685		0.73
7	2019	7/31/2019	47150	0923000	DGOV3FACT	6999	Tumley Service Contract Labor	-8919.8	0.1685		(1,502.99)
7	2019	7/31/2019	47150	0923000	DGOV3FACT	6999	SA Vndr Emp Exp - 100% Deduct	2.68	0.1685		0.45
7	2019	7/31/2019	47150	0923000	DGOV3FACT	6999	SA Vendor Emp Exp-Per Diem	19.15	0.1685		3.23
7	2019	7/31/2019	47150	0923000	DGOV3FACT	6999	SA Crct Emp Exp-50% Deduct	5.07	0.1685		0.85
7	2019	7/31/2019	47150	0923000	DGOV3FACT	6999	Consultant	141.7	0.1685		23.88
7	2019	7/31/2019	47150	0923000	DGOV3FACT	8755	Contract/Outside Services NLRB	6953.05	0.1685		1,171.59
7	2019	7/31/2019	47150	0923000	DGOV3FACT	8727	Contract/Outside Services NLRB	491	0.1685		82.73
7	2019	7/31/2019	47150	0923000	DGOV3FACT	9511	Audit Fees	62868.35	0.1685		10,593.32
6	2019	6/30/2019	47150	0923000	DGOV3FACT	9613	Other Contracts	351.88	0.1685		59.29
6	2019	6/30/2019	47150	0923000	DGOV3FACT	9526	Other Contracts	10.15	0.1685		1.71
6	2019	6/30/2019	47150	0923000	DGOV3FACT	8262	Other Contracts	49.57	0.1685		8.35
6	2019	6/30/2019	47150	0923000	DGOV3FACT	6999	Other Contracts	0.42	0.1685		0.07
6	2019										

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**To Adjust Deferred Pension Cost**  
**Amortization**

**Workpaper DND Exp 7**

		<u><b>Piedmont Request Attrition Period</b></u>	<u><b>Consumer Advocate Adjustment</b></u>		<u><b>Consumer Advocate Attrition Period</b></u>
Annual Attrition Period Amortization	A/	\$ 3,954,327	\$ (4,024,982)	B/	\$ (70,655)

A/ Piedmont File 5B\_DefPensionAmortAdj; Line 8

B/ Workpaper DND Exp 7.1

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**To Adjust Deferred Pension Cost**  
**Amortization**

**Piedmont Exhibit 5B\_DefPensionAmort Adj**

Piedmont Natural Gas Company, Inc.  
 TN Deferred Pension Account -A/C 018617 (2012-2016)/ A/C 0182627 & 0182300 (2017 - current)  
 Defined Benefit Pension Summary Worksheet

**Workpaper DND - Exp 7.1**  
**Workpaper DND - RB-1.5**

Line No.			Piedmont Request	Consumer Advocate Adjustment	Consumer Advocate Attrition Period
1	TN Deferred Pension Account Balance as of 2/29/2012 as approved in Docket No. 11-0014	A/	\$ 21,490,746		\$ 21,490,746
2	Less: Total Amortized Expenses from 3/1/2012-3/31/2020 (a)	A/	\$ 21,714,608		\$ 21,714,608
3	Plus: Incremental Pension Funding , as deferred (b)	A/	\$ 14,101,600	\$ (12,074,947) B/	\$ 2,026,653
4	Account Balance as of March 31, 2020 (Line 1 - Line 2 + Line 3)		\$ 13,877,738	\$ (12,074,947)	\$ 1,802,792
5	Less: Total Amortized Expenses from 4/1/2020 - 12/31/2020 (f)	A/	\$ 2,014,757		\$ 2,014,757
6	Unamortized Account Balance as of January 1, 2021 (Line 4 - Line 5)		\$ 11,862,981		\$ (211,966)
7	Proposed amortization period, in years		3		3
8	Annual amortization amount (Line 6 / Line 7)		\$ 3,954,327	\$ (4,024,982)	\$ (70,655)
9	Less: Annual Amortization Amount recorded in the Test Period (a)		\$ 2,686,343		
10	Increase (Decrease) in Attrition adjustment (Line 8 - Line 9)		\$ 1,267,984		

**Notes (Piedmont)**

(a) Amortized expense recovery of \$223,861.94/month (\$2,686,343 annual amortization) as allowed per Docket No. 11-00144 Paragraph 14a:

\$223,861.94/month for 97 months (3/1/2012 - 3/31/2020) = \$ 21,714,608

(b) These expenses have been deferred pursuant to the regulatory accounting treatment granted in Docket No. 96-

(c) No contributions were made to the plan on behalf of Piedmont during 2018.

Effective January 1, 2018, Duke restructured its qualified non-contributory defined benefit retirement plans (including the acquired Piedmont plan) into a single active plan

(d) No deferral was made to the regulatory asset during 2019.

(e) No contributions are expected for fiscal year 2020.

(f) Amortized annual expense recovery of \$223,861.94, as allowed per Docket No. 11-00144 Paragraph 14a:

\$223,861.94/month for 9 months (4/1/2020 - 12/31/2020) = \$ 2,014,757

A/ Piedmont Exhibit 5B\_DefPensionAmort Adj

B/ See Workpaper DND-RB-1.2

Company, Inc.  
Docket No. 20-00086  
To Adjust Allocation of Duke Energy Business Services Assets (DEBS)

Workpaper DND Exp 8

Line No.	Description		Piedmont Test Period Amount	Consumer Advocate Adjustment		Consumer Advocate Test Period	
	Piedmont TN Allocated Costs from DEBS	A/	\$ 528,647		A/	\$ 528,647	
	Less: Adjust to Reflect CA Rate of Return			\$ (50,881)	B/	\$ 477,765	Net of CA Rate of Return Adjustment
	Less: Adjust to Remove Return on Pension Assets			B/ \$ (77,703)		\$ 400,062	Net of CA Rate of Return Adjustment and Removal of Return on Pension Assets
	<b>Total</b>		\$ 528,647	\$ (128,584)		<u>\$ 400,062</u>	
	Attrition Period Factor			C/ 1.04646			
	<b>Attrition Period Adjustment</b>			<u>\$ (134,558)</u>			

A/ Response to Consumer Advocate Request  
3-8 (e); DND Exp 8.3  
B/ Workpaper DND Exp 8.1  
WHN Workpaper E-40-4.00

Piedmont Natural Gas Company, Inc.  
Docket 20-00086  
Recalculation of DEBS Allocation Using CA Rate of Return

Source: CA DR 3-8.e; DND Exp 8.2

Workpaper DND Exp 8.1

RETURN ON INVENTORY CALCULATION					RETURN ON PENSION CALCULATION					RETURN ON PPE CALCULATION					Total DEBS Return on Assets				
(A)	(B)	(C)	(A) * (B) * (C)		(A)	(B)	(C)	(A) * (B) * (C)		(A)	(B)	(C)	(A) * (B) * (C)		Charged to Piedmont	TN %	TN Amount		
DEBS Inventory Balance	CAM % - DURR	Annual ROR	Monthly ROR	Return on Inventory	DEBS Pension Balances	CAM % - PLIB	Annual ROR	Monthly ROR	Return on Pension	DEBS PPE Balances	CAM % - DURR	Annual ROR	Monthly ROR	Return on PPE					
201904	24,933,019.37	5.63%	8.00%	0.67%	9,355	143,895,421.08	4.29%	8.00%	0.67%	41,139	471,764,682.12	5.63%	8.00%	0.67%	177,004	227,497.93	16.85%	38,333	
201905	25,142,267.11	5.63%	8.00%	0.67%	9,433	144,404,513.74	4.29%	8.00%	0.67%	41,285	468,941,622.10	5.63%	8.00%	0.67%	175,945	226,662.83	16.85%	38,193	
201906	25,039,645.04	5.63%	8.00%	0.67%	9,395	143,819,682.65	4.29%	8.00%	0.67%	41,117	465,581,549.66	5.63%	8.00%	0.67%	174,684	225,196.44	16.85%	37,946	
201907	25,017,329.89	5.63%	8.00%	0.67%	9,386	132,880,374.39	4.29%	8.00%	0.67%	37,990	475,306,954.71	5.63%	8.00%	0.67%	178,333	225,709.50	16.85%	38,032	
201908	25,389,052.99	5.63%	8.00%	0.67%	9,528	132,992,799.91	4.29%	8.00%	0.67%	38,022	488,864,331.40	5.63%	8.00%	0.67%	183,420	230,967.78	16.85%	38,918	
201909	25,415,672.84	5.63%	8.00%	0.67%	9,536	138,903,640.83	4.29%	8.00%	0.67%	39,712	504,224,700.62	5.63%	8.00%	0.67%	189,183	238,430.80	16.85%	40,176	
201910	25,808,063.30	5.63%	8.00%	0.67%	9,683	134,391,881.18	4.29%	8.00%	0.67%	38,422	505,154,369.63	5.63%	8.00%	0.67%	189,532	237,636.94	16.85%	40,042	
201911	24,932,865.83	5.63%	8.00%	0.67%	9,355	133,046,606.57	4.29%	8.00%	0.67%	38,037	500,602,356.19	5.63%	8.00%	0.67%	187,824	235,216.07	16.85%	39,634	
201912	24,506,050.12	5.63%	8.00%	0.67%	9,195	132,809,535.75	4.29%	8.00%	0.67%	37,970	523,803,970.75	5.63%	8.00%	0.67%	196,529	243,693.39	16.85%	41,062	
202001	24,452,295.49	5.73%	8.00%	0.67%	9,337	127,591,412.20	4.18%	8.00%	0.67%	35,514	530,082,991.20	5.73%	8.00%	0.67%	202,418	247,268.91	17.00%	42,036	
202002	24,588,235.67	5.73%	8.00%	0.67%	9,389	127,847,343.92	4.18%	8.00%	0.67%	35,585	519,750,316.41	5.73%	8.00%	0.67%	198,472	243,446.42	17.00%	41,386	
202003	24,931,862.87	5.73%	8.00%	0.67%	9,520	127,195,551.90	4.18%	8.00%	0.67%	35,404	529,470,421.14	5.73%	8.00%	0.67%	202,184	247,107.94	17.00%	42,008	
Test Period Totals				\$	113,110					\$	460,197					\$	2,255,528	\$	477,765
										Tennessee Jurisdictional Portion					77,703				
										(April - Dec total * 16.85% + Jan-March total * 17%)									

Piedmont Natural Gas Company, Inc.  
Docket 20-00086  
CA DR 2-15 Attachment

Workpaper Exp 8.2

**To Recalculate DEBS Return using Consumer Advocate Proposed Return on Equity**

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

**b. Provide the underlying calculation for the 8.65% revenue requirement factor.**

**Piedmont Natural Gas Company**  
**State of North Carolina**  
**Computation of Revenue Requirement Rate Excluding Gross Receipts Tax**  
Updated 10/22/19, Effective 11/1/2019

	<i>Docket No. G-9 Sub 743</i>	<i>Docket No. G-9 Sub 743</i>	<i>Weighted Cost/Return %</i>	<i>Income Tax Factors</i>	<i>Net of Tax Overall Rate of Return</i>	<i>Income Taxes Factor</i>	<i>Revenue Requirement Excluding Gross Receipts Tax</i>
	Capital Structure	Cost Rates					
Long-term debt	45.50%	4.14%	1.88%	0.770250	1.45%	1.000000	1.88%
Short-term debt	4.00%	0.40%	0.02%	0.770250	0.01%	1.000000	0.02%
Common equity	50.50%	<b>9.30%</b>	4.70%	1.000000	4.70%	0.770250	6.10%
Total	100.00%		6.60%		6.16%		<b>8.00%</b>

Gross revenue	1.000000
State income tax rate	0.025000
Gross revenue after state income tax	0.975000
Federal income tax rate	0.210000
Federal income tax	0.204750
State income tax rate	0.025000
Composite income tax rate	0.229750
Tax factor	0.770250

*Indicates input cell*

Support: Exhibit B - Calculation of Gross Revenue Effect Factors For the Test Period Ended December 31, 2018, NC General Rate Case 2019, Docket No. G-9, Sub 743.

A/ See Testimony of Consumer Advocate Witness Chris Klein



RETURN ON INVENTORY CALCULATION						RETURN ON PENSION CALCULATION						RETURN ON PPE CALCULATION						Total DEBS Return on Assets		
(A)		(B)	(C)		(A) * (B) * (C)	(A)		(B)	(C)		(A) * (B) * (C)	(A)		(B)	(C)		(A) * (B) * (C)	Total DEBS Return on Assets	TN %	TN Amount
DEBS Inventory Balance	CAM % - DURR	Annual ROR	Monthly ROR	Return on Inventory		DEBS Pension Balances	CAM % - PLIB	Annual ROR	Monthly ROR	Return on Pension		DEBS PPE Balances	CAM % - DURR	Annual ROR	Monthly ROR	Return on PPE	Charged to Piedmont			
\$				\$		\$				\$		\$				\$	\$			
201701	25,879,816.95	5.86%	10.48%	0.87%	13,244.60	-	-	-	-	-	-	260,868,111.39	5.86%	10.48%	0.87%	133,505.34	146,749.94	17.26%	25,329.04	
201702	25,799,811.00	5.86%	10.48%	0.87%	13,203.66	-	-	-	-	-	-	264,310,979.70	5.86%	10.48%	0.87%	135,267.31	148,470.97	17.26%	25,626.09	
201703	26,053,562.29	5.86%	10.48%	0.87%	13,333.52	-	-	-	-	-	-	260,335,592.33	5.86%	10.48%	0.87%	133,232.81	146,566.33	17.26%	25,297.35	
201704	25,739,834.29	5.86%	10.48%	0.87%	13,172.96	-	-	-	-	-	-	256,442,243.68	5.86%	10.48%	0.87%	131,240.30	144,413.26	17.26%	24,925.73	
201705	25,518,762.15	5.86%	10.48%	0.87%	13,059.82	-	-	-	-	-	-	252,480,264.56	5.86%	10.48%	0.87%	129,212.67	142,272.49	17.26%	24,556.23	
201706	25,330,585.88	5.86%	10.48%	0.87%	12,963.52	-	-	-	-	-	-	248,291,787.36	5.86%	10.48%	0.87%	127,069.12	140,032.63	17.26%	24,169.63	
201707	25,267,518.02	5.86%	10.48%	0.87%	12,931.24	-	-	-	-	-	-	262,056,572.03	5.86%	10.48%	0.87%	134,113.57	147,044.81	17.26%	25,379.93	
201708	24,823,731.05	5.86%	10.48%	0.87%	12,704.12	-	-	-	-	-	-	259,982,846.84	5.86%	10.48%	0.87%	133,052.29	145,756.41	17.26%	25,157.56	
201709	25,312,609.91	5.86%	10.48%	0.87%	12,954.32	-	-	-	-	-	-	288,534,055.60	5.86%	10.48%	0.87%	147,664.04	160,618.35	17.26%	27,722.73	
201710	24,572,777.70	5.86%	10.48%	0.87%	12,575.59	-	-	-	-	-	-	250,866,890.29	5.86%	10.48%	0.87%	128,386.98	140,962.68	17.26%	24,330.16	
201711	24,726,137.72	5.86%	10.48%	0.87%	12,654.18	-	-	-	-	-	-	306,583,241.35	5.86%	10.48%	0.87%	156,901.13	169,555.31	17.26%	29,265.25	
201712	23,163,364.45	5.86%	10.48%	0.87%	11,854.39	-	-	-	-	-	-	305,201,144.13	5.86%	10.48%	0.87%	156,193.81	168,048.20	17.26%	29,005.12	
201801	23,228,635.11	5.47%	9.06%	0.76%	11,097.08	141,471,308.41	1.54%	9.06%	0.76%	19,026.87	366,111,629.34	5.47%	9.06%	0.76%	174,896.61	205,020.56	17.24%	35,345.54		
201802	23,365,582.09	5.47%	9.06%	0.76%	8,145.63	142,944,091.73	1.54%	9.06%	0.76%	14,042.11	375,741,653.35	5.47%	9.06%	0.76%	131,477.58	153,665.33	17.24%	26,491.90		
201803	23,255,796.11	5.47%	9.06%	0.76%	9,604.29	142,360,486.74	1.54%	9.06%	0.76%	16,552.25	381,507,607.20	5.47%	9.06%	0.76%	157,556.92	183,713.47	17.24%	31,672.20		
201804	24,036,046.11	5.47%	9.06%	0.76%	9,926.53	141,237,488.01	1.54%	9.06%	0.76%	16,421.68	402,658,380.22	5.47%	9.06%	0.76%	166,291.87	192,640.08	17.24%	33,211.15		
201805	23,540,620.50	5.47%	9.06%	0.76%	9,721.92	140,399,954.96	1.54%	9.06%	0.76%	16,324.30	391,572,638.28	5.47%	9.06%	0.76%	161,713.63	187,759.85	17.24%	32,369.80		
201806	23,397,050.71	5.47%	9.06%	0.76%	9,662.63	139,199,248.07	1.54%	9.06%	0.76%	16,194.58	389,841,272.31	5.47%	9.06%	0.76%	165,045.85	190,893.06	17.24%	32,909.96		
201807	23,422,858.63	5.47%	9.06%	0.76%	9,673.29	138,153,320.44	1.54%	9.06%	0.76%	16,063.09	440,697,822.53	5.47%	9.06%	0.76%	182,001.59	207,737.97	17.24%	35,814.03		
201808	23,409,400.37	5.47%	9.06%	0.76%	9,667.73	137,217,153.97	1.54%	9.06%	0.76%	15,954.24	437,358,374.18	5.47%	9.06%	0.76%	180,622.45	206,244.42	17.24%	35,556.54		
201809	23,388,374.34	5.47%	9.06%	0.76%	9,659.05	135,821,484.18	1.54%	9.06%	0.76%	15,791.96	435,062,419.77	5.47%	9.06%	0.76%	179,674.25	205,125.27	17.24%	35,363.60		
201810	23,856,650.63	5.47%	9.06%	0.76%	9,852.44	134,395,098.06	1.54%	9.06%	0.76%	15,626.21	452,541,366.06	5.47%	9.06%	0.76%	186,892.80	212,371.45	17.24%	36,612.84		
201811	24,263,477.76	5.47%	9.06%	0.76%	10,020.45	133,436,431.20	1.54%	9.06%	0.76%	15,514.65	458,958,050.41	5.47%	9.06%	0.76%	189,542.79	215,077.90	17.24%	37,079.43		
201812	24,234,984.09	5.47%	9.06%	0.76%	10,008.68	132,456,019.02	1.54%	9.06%	0.76%	15,400.66	480,607,333.62	5.47%	9.06%	0.76%	198,483.62	223,892.97	17.24%	38,599.15		
201901	24,370,422.98	5.63%	9.06%	0.76%	10,359.01	140,234,675.02	4.29%	9.06%	0.76%	45,421.31	446,799,688.02	5.63%	9.06%	0.76%	191,194.10	246,974.43	16.85%	41,615.19		
201902	24,696,857.83	5.63%	9.06%	0.76%	10,496.87	140,404,490.21	4.29%	9.06%	0.76%	45,476.31	458,871,469.55	5.63%	9.06%	0.76%	195,050.20	251,024.28	16.85%	42,297.59		
201903	24,799,955.59	5.63%	9.06%	0.76%	10,541.59	141,013,749.25	4.29%	9.06%	0.76%	45,673.65	458,544,830.86	5.63%	9.06%	0.76%	194,911.36	251,126.60	16.85%	42,314.83		
201904	24,933,019.37	5.63%	9.06%	0.76%	10,598.15	143,895,421.08	4.29%	9.06%	0.76%	46,607.01	471,764,582.12	5.63%	9.06%	0.76%	200,530.61	257,735.77	16.85%	43,428.48		
201905	25,142,267.11	5.63%	9.06%	0.76%	10,687.10	144,404,513.74	4.29%	9.06%	0.76%	46,771.90	468,941,622.10	5.63%	9.06%	0.76%	199,330.67	256,789.67	16.85%	43,269.06		
201906	25,039,645.04	5.63%	9.06%	0.76%	10,643.48	143,919,862.65	4.29%	9.06%	0.76%	46,582.48	465,581,549.66	5.63%	9.06%	0.76%	197,902.42	255,128.37	16.85%	42,880.13		
201907	25,017,329.89	5.63%	9.06%	0.76%	10,633.99	132,880,374.39	4.29%	9.06%	0.76%	43,039.29	475,306,954.71	5.63%	9.06%	0.76%	202,036.35	255,709.63	16.85%	43,087.07		
201908	25,389,052.99	5.63%	9.06%	0.76%	10,792.00	132,992,799.91	4.29%	9.06%	0.76%	43,075.70	488,864,331.40	5.63%	9.06%	0.76%	207,799.12	261,666.82	16.85%	44,090.86		
201909	25,415,672.84	5.63%	9.06%	0.76%	10,803.31	138,903,640.83	4.29%	9.06%	0.76%	44,990.19	504,224,700.62	5.63%	9.06%	0.76%	214,328.27	270,121.78	16.85%	45,515.52		
201910	25,808,063.30	5.63%	8.65%	0.72%	10,473.66	134,391,981.18	4.29%	8.65%	0.72%	41,559.01	505,154,399.63	5.63%	8.65%	0.72%	205,006.38	257,039.05	16.85%	43,311.08		
201911	24,932,865.83	5.63%	8.65%	0.72%	10,118.48	133,046,606.57	4.29%	8.65%	0.72%	41,143.00	500,602,356.19	5.63%	8.65%	0.72%	203,159.04	254,420.52	16.85%	42,869.86		
201912	24,506,050.12	5.63%	8.65%	0.72%	9,945.27	132,809,835.75	4.29%	8.65%	0.72%	41,069.78	523,803,970.75	5.63%	8.65%	0.72%	212,574.93	263,589.98	16.85%	44,414.91		
202001	24,452,295.49	5.73%	8.65%	0.72%	10,099.71	127,591,412.20	4.18%	8.65%	0.72%	38,413.57	539,082,991.20	5.73%	8.65%	0.72%	218,944.15	267,457.44	17.00%	45,467.76		
202002	24,588,235.67	5.73%	8.65%	0.72%	10,155.88	127,847,343.92	4.18%	8.65%	0.72%	38,490.62	519,750,316.41	5.73%	8.65%	0.72%	214,676.37	263,322.85	17.00%	44,764.89		
202003	24,931,862.87	5.73%	8.65%	0.72%	10,297.79	127,195,551.90	4.18%	8.65%	0.72%	38,294.39	529,470,421.14	5.73%	8.65%	0.72%	218,691.14	267,283.32	17.00%	45,438.16		
Test Period Totals					125,249						510,037						2,494,979		528,647	

**Piedmont Natural  
Gas Company, Inc.  
Docket No. 20-  
To Adjust Allocation of Duke Energy Business Services Assets (DEBS) Depreciation**

**Workpaper DND Exp 9**

<u>Item</u>		<u>Piedmont Test Period</u>	<u>Consumer Advocate Adjustment</u>	<u>Consumer Advocate Test Period</u>
DEBS Depreciation	A/	\$ 1,723,278	\$ (1,723,278)	\$ -
Attrition Period Factor			B/ <u>1.04646</u>	
Attrition Period Adjustment			\$ (1,803,342)	

A/ DND Workpaper 9.1

B/ WHN Workpaper E-40-4.00

**Piedmont Natural Gas  
Company, Inc.  
Docket No. 20-00086**

**To Adjust Allocation of Duke Energy Business Services Assets (DEBS) Depreciation**

**Workpaper DND Exp 9.1**

<u>Year</u>	<u>Account No.</u>	<u>Month</u>	<u>Piedmont Amount</u>	<u>Allocation %</u>	<u>Piedmont-TN Allocation</u>
2019	921980	April	A/ \$ 641,989	B/ 16.85%	\$ 108,175
		May	602,810	16.85%	101,573
		June	639,454	16.85%	107,748
		July	613,601	16.85%	103,392
		August	693,540	16.85%	116,861
		September	1,520,282	16.85%	256,167
		October	1,304,557	16.85%	219,818
		November	888,420	16.85%	149,699
		December	796,882	16.85%	134,275
2020		January	795,368	17.00%	135,213
		February	866,912	17.00%	147,375
		March	841,072	17.00%	142,982
			<u>\$ 10,204,886</u>		<u>\$ 1,723,278</u>

A/ Response to Consumer Advocate Request 1-36 - Supplemental

B/ Response to Consumer Advocate Request 1-36

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**Adjustment to Reclassify Home Serve Net Income**

**Workpaper DND-Rev-1**

<b>Month</b>	<b>Year</b>		<b>Amount</b>
April	2019	A/ \$	(234,284)
May			(223,176)
June			(214,471)
July			(235,531)
August			(229,468)
September			(219,935)
October			(233,997)
November			(218,330)
December			(233,544)
January	2020		(218,086)
February			(193,331)
March			<u>(243,032)</u>
Test Period Revenue		\$	(2,697,184)
Attrition Period Factor		B/	<u>0.97030</u>
Attrition Period Revenue Adjustment		\$	(2,617,065)

A/ Workpaper DND Revenue 1.1; Response to Consumer Advocate Request 1-61

B/ Workpaper DND Revenue 1.2

Piedmont Natural Gas Company, Inc.  
Docket No. 20-00086  
CAD Data Request No. 1, Item 61

Workpaper DND Revenue 1.1

2019 HomeServe Revenue and expense by month and account name and number

MONTH	Expense Acct # and Name	Revenue Acct # and Name	HomeServe Net Income
Sum of amount	Column Labels		
Row Labels	0401100 Non-reg Operation Expense	0417310 Products and Svcs - NonReg Rev	Grand Total
201901	5,068	-219,131	-214,062
201902	9,525	-203,411	-193,886
201903	12,094	-222,506	-210,413
201904	4,243	-238,527	-234,284
201905	11,635	-234,812	-223,176
201906	9,677	-224,148	-214,471
201907	9,504	-245,034	-235,531
201908	9,608	-239,076	-229,468
201909	7,295	-227,231	-219,935
201910	8,451	-242,448	-233,997
201911	10,038	-228,368	-218,330
201912	8,295	-241,839	-233,544
<b>Grand Total</b>	<b>105,434</b>	<b>-2,766,531</b>	<b>-2,661,097</b>

MONTH	Expense Acct # and Name	Expense Acct # and Name	Revenue Acct # and Name	Expense Acct # and Name	Expense Acct # and Name	HomeServe Net Income
Sum of amount	Column Labels					
Row Labels	0401100 Non-reg Operation Expense	0408960 Allocated Payroll Taxes	0417310 Products and Svcs -	0417320 Exp-Unreg Produc	0926600 Employee Benefit	Grand Total
202001	8,535	308	(228,200)		1,272	(218,086)
202002	9,931	420	(205,339)		1,657	(193,331)
202003	(18,466)	326	(253,501)	35,799	(7,190)	(243,032)
202004	1,568	84	(215,194)	10,011	275	(203,257)
202005	531	29	(224,158)	9,680	94	(213,823)
202006	(1,928)	22	(229,896)	8,508	73	(223,221)
202007	214	16	(242,727)	10,557	67	(231,872)
<b>Grand Total</b>	<b>385</b>	<b>1,204</b>	<b>(1,599,014)</b>	<b>74,555</b>	<b>(3,752)</b>	<b>(1,526,622)</b>

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**Computation of Home Serve Attrition Factor**

**Workpaper DND Revenue 1.2**

Month	Year		Net Income Amount	Source
January	2017	A/	\$ (144,981)	A/ Response to Consumer Advocate Request 1-61
February			(138,486)	
March			(156,766)	
April			(128,072)	
May			(147,179)	
June			(159,293)	
July			(153,327)	
August			(170,365)	
September			(159,481)	
October			(172,627)	
November			(316,219)	
December			(33,047)	
Total 2017			\$ (1,879,843)	
January	2018	A/	\$ (963,325)	A/ Response to Consumer Advocate Request 1-61
February			(978,829)	
March			1,402,201	
April			(191,700)	
May			(197,379)	
June			(263,283)	
July			(209,579)	
August			(200,999)	
September			(183,875)	
October			(229,548)	
November			(179,612)	
December			(199,984)	
			\$ (2,395,912)	
January	2019	A/	\$ (214,062)	A/ Response to Consumer Advocate Request 1-61
February			(193,886)	
March			(210,413)	
April			(234,284)	
May			(223,176)	
June			(214,471)	
July			(235,531)	
August			(229,468)	
September			(219,935)	
October			(233,997)	
November			(218,330)	
December			(233,544)	
			\$ (2,661,097)	
January	2020	A/	\$ (218,086)	A/ Response to Consumer Advocate Request 1-61
February			(193,331)	
March			(243,032)	
April			(203,257)	
May			(213,823)	
June			(223,221)	
July			(231,872)	
Seven Month Total Through July 2020			\$ (1,526,622)	Growth in 2020 - immaterial
Seven Month Total Through July 2019			\$ (1,525,824)	
2020 Annualized			\$ (2,617,065)	
Test Year Actual			(2,697,184)	
Attrition Factor			0.97030	

**Piedmont Natural Gas Company, Inc.**  
**Docket No. 20-00086**  
**To Properly Reflect Revenue Requirement Components of the Tax Cuts and Jobs Act (TCJA)**

**Workpaper DND - Revenue 2**

<u>Line No.</u>	<u>Item</u>		<u>Piedmont Attrition Period Amount</u>	<u>Consumer Advocate Attrition Period Adjustment</u>	<u>Consumer Advocate Attrition Period</u>	<u>Notes</u>
	<b><u>Revenue (Decrease to Revenue)</u></b>					
	Excess ADIT Revenue (Reduction)	A/	(\$9,333,186)	\$9,333,186	\$0	Adjustment Increases Revenue by eliminating Surcharge Credits from Attrition Period Revenue
	<b><u>Income Taxes (Decrease to Expense)</u></b>					
	Excess Protected ADIT	B/	\$ (1,075,590)	\$ -	\$ (1,075,590)	TPUC Order Requires Recognition in Base Rates at the date new base rates are implemented.
	Excess Unprotected ADIT - PPE	B/	\$ (3,905,351)	\$ 3,905,351	\$ -	
	Excess Unprotected Non-PPE	B/	\$ (1,896,667)	\$ 1,896,667	\$ -	
	Total Income Tax		\$ (6,877,608)	\$ 5,802,018	\$ (1,075,590)	
	<b><u>Operating Margin Impact (Reduction)</u></b>		(\$2,455,578)	\$3,531,168	\$1,075,590	

A/ Amount from Piedmont Exhibit KAC -2, line 135

B/ See QPB Exhibits / EDIT Amortization tab



**Workpaper DND Rev 2.1**  
**Exhibit KAC 2**

Components of Pro forma Revenues		Attrition Period	"Clean"	Attrition Period	"Clean"	Attrition Period	Current	Attrition Period	Current	Attrition Period	Current	Attrition Period	Current	Attrition Period	Current	Attrition Period
Line		Billing	Total	Revenues	Total Rate plus	Revenues	Base Margin	Margin	COG Demand	COG Demand	COG Demand	COG Demand	COG Demand	COG Demand	COG Demand	COG Demand
No.	Rate Schedule	Determinants	Rate	Before Unprotected Excess	ADIT Refund Rate	including Unprotected Excess	Rate Component (B)	Revenues (C)	Rate Component (D)	Revenues (E)	Rate Component (F)	Revenues (G)	Rate Component (H)	Revenues (I)	Rate Component (J)	Revenues (K)
1	301 - Residential Service															
2	Bills - Winter	879,725	\$17.45	\$15,351,201	\$17.45	\$15,351,201	\$17.45	\$15,351,201								
3	Bills - Summer	1,224,674	\$13.45	\$16,471,865	\$13.45	\$16,471,865	\$13.45	\$16,471,865								
4	DTs - Winter	10,058,287	\$5.6303	\$56,631,171	\$5.2092	\$52,395,627	\$2.9009	\$29,178,084	\$0.7577	\$7,621,164	\$1.9717	\$19,831,924	(\$0.4211)	(\$4,235,544)		
5	DTs - Summer	2,923,630	\$5.1303	\$14,999,096	\$4.7092	\$13,767,956	\$2.4009	\$7,019,342	\$0.7577	\$2,215,234	\$1.9717	\$5,764,520	(\$0.4211)	(\$1,231,140)		
6	Integrity Management Rider Revenues			\$21,384,181		\$21,384,181		\$21,384,181								
7	301 / 343 - Residential Service															
8	Motor Vehicle Fuel															
9	Bills - Winter	-	\$17.45	\$0	\$17.45	\$0	\$17.45	\$0								
10	Bills - Summer	-	\$13.45	\$0	\$13.45	\$0	\$13.45	\$0								
11	DTs - Winter	-	\$5.6303	\$0	\$5.2092	\$0	\$2.9009	\$0	\$0.7577	\$0	\$1.9717	\$0	(\$0.4211)	\$0		
12	DTs - Summer	-	\$5.1303	\$0	\$4.7092	\$0	\$2.4009	\$0	\$0.7577	\$0	\$1.9717	\$0	(\$0.4211)	\$0		
13	TOTAL RESIDENTIAL SERVICE															
14	Bills - Annual	2,104,399														
15	DTs - Winter	10,058,287														
16	DTs - Summer	2,923,630														
17	DTs - Annual	12,981,916														
18	Revenues			\$124,837,515		\$119,370,830		\$89,404,673		\$9,836,398		\$25,596,444		(\$5,466,685)		
19	302 - Small General Service															
20	Bills - Annual	212,805	\$44.00	\$9,363,420	\$44.00	\$9,363,420	\$44.00	\$9,363,420								
21	DTs - Winter	4,081,629	\$6.0081	\$24,522,835	\$5.6403	\$23,021,612	\$3.2787	\$13,382,437	\$0.7577	\$3,092,650	\$1.9717	\$8,047,748	(\$0.3678)	(\$1,501,223)		
22	DTs - Summer	1,888,721	\$5.4681	\$10,327,714	\$5.1003	\$9,633,042	\$2.7387	\$5,172,639	\$0.7577	\$1,431,084	\$1.9717	\$3,723,991	(\$0.3678)	(\$694,671)		
23	Integrity Management Rider Revenues			\$8,970,428		\$8,970,428		\$8,970,428								
24	302 / 343 - Small General Service															
25	Motor Vehicle Fuel															
26	Bills - Annual	-	\$44.00	-	\$44.00	-	\$44.00	-								
27	DTs - Winter	-	\$6.0081	-	\$5.6403	-	\$3.2787	-	\$0.7577	-	\$1.9717	-	(\$0.3678)	\$0		
28	DTs - Summer	-	\$5.4681	-	\$5.1003	-	\$2.7387	-	\$0.7577	-	\$1.9717	-	(\$0.3678)	\$0		
29	352 - Medium General Service															
30	Bills - Annual	6,808	\$225.00	\$1,531,800	\$225.00	\$1,531,800	\$225.00	\$1,531,800								
31	DTs - Winter	1,556,772	\$6.0081	\$9,353,242	\$5.6403	\$8,780,662	\$3.2787	\$5,104,189	\$0.7577	\$1,179,566	\$1.9717	\$3,069,488	(\$0.3678)	(\$572,581)		
32	DTs - Summer	676,724	\$5.4681	\$3,700,393	\$5.1003	\$3,451,494	\$2.7387	\$1,853,343	\$0.7577	\$512,754	\$1.9717	\$1,334,296	(\$0.3678)	(\$248,899)		
33	Integrity Management Rider Revenues			\$2,215,717		\$2,215,717		\$2,215,717								
34	352 / 343 - Medium General Service															
35	Motor Vehicle Fuel															
36	Bills - Annual	12	\$225.00	\$2,700	\$225.00	\$2,700	\$225.00	\$2,700								
37	DTs - Winter	268	\$6.0081	\$1,612	\$5.6403	\$1,513	\$3.2787	\$880	\$0.7577	\$203	\$1.9717	\$529	(\$0.3678)	(\$99)		
38	DTs - Summer	2,236	\$5.4681	\$12,224	\$5.1003	\$11,402	\$2.7387	\$6,122	\$0.7577	\$1,694	\$1.9717	\$4,408	(\$0.3678)	(\$822)		
39	TOTAL SMALL & MEDIUM GENERAL SERVICE															
40	Bills - Annual	219,625														
41	DTs - Winter	5,638,669														
42	DTs - Summer	2,567,680														
43	DTs - Annual	8,206,349														

**Components of Pro forma Revenues**

Line No.	Rate Schedule	Attrition Period Billing Determinants (A)	"Clean" Total Rate	Attrition Period Revenues Before Unprotected Excess ADIT Refund	"Clean" Total Rate plus Unprotected Excess ADIT Refund Rate	Attrition Period Revenues Including Unprotected Excess ADIT Refund	Current Base Margin Rate Component (B)	Attrition Period Margin Revenues (C)	Current COG Demand Rate Component (D)	Attrition Period COG Demand Revenues (E)	Current COG Commodity Rate Component (F)	Attrition Period COG Commodity Revenues (G)	Current Unprotected Excess ADIT Refund Rate Component (H)	Attrition Period Unprotected Excess ADIT Refund Revenues (I)
44	Revenues			\$70,002,085		\$66,983,790		\$47,603,676		\$6,217,951		\$16,180,459		(\$3,018,295)
45	<b>303 - Large General Sales Service</b>													
46	Bills - Annual	607	\$800.00	\$485,600	\$800.00	\$485,600	\$800.00	\$485,600						
47	DTs - Demand	80,238	\$16.2829	\$1,306,509	\$16.2829	\$1,306,509	\$8.0000	\$641,905	8.28290	\$664,604				
48	DTs - First 1,500	557,719	\$2.8912	\$1,612,478	\$2.8227	\$1,574,274	\$0.9195	\$512,823			\$1.9717	\$1,099,655	(\$0.0685)	(\$38,204)
49	DTs - Next 2,500	217,725	\$2.8183	\$613,613	\$2.7498	\$598,699	\$0.8466	\$184,326			\$1.9717	\$429,288	(\$0.0685)	(\$14,914)
50	DTs - Next 5,000	8,763	\$2.5680	\$22,504	\$2.4995	\$21,904	\$0.5963	\$5,226			\$1.9717	\$17,279	(\$0.0685)	(\$600)
51	DTs - Over 9,000	-	\$2.1994	\$0	\$2.1309	\$0	\$0.2277	\$0			\$1.9717	\$0	(\$0.0685)	\$0
52	Integrity Management Rider Revenues			\$478,997		\$478,997		\$478,997						
53	Minimum Margin Agreement Revenues			\$13,505		\$13,505		\$13,505						
54	<b>303 / 343 - Large General Sales Service</b>													
55	<b>Motor Vehicle Fuel</b>													
56	Bills - Annual	12	\$800.00	\$9,600	\$800.00	\$9,600	\$800.00	\$9,600						
57	DTs - Demand	720	\$16.2829	\$11,724	\$16.2829	\$11,724	\$8.0000	\$5,760	8.28290	\$5,964				
58	DTs - First 1,500	12,946	\$2.8912	\$37,430	\$2.8227	\$36,543	\$0.9195	\$11,904			\$1.9717	\$25,526	(\$0.0685)	(\$887)
59	DTs - Next 2,500	0	\$2.8183	\$0	\$2.7498	\$0	\$0.8466	\$0			\$1.9717	\$0	(\$0.0685)	\$0
60	DTs - Next 5,000	-	\$2.5680	\$0	\$2.4995	\$0	\$0.5963	\$0			\$1.9717	\$0	(\$0.0685)	\$0
61	DTs - Over 9,000	-	\$2.1994	\$0	\$2.1309	\$0	\$0.2277	\$0			\$1.9717	\$0	(\$0.0685)	\$0
62	<b>304 - Interruptible General Sales Service</b>													
63	Bills - Annual	24	\$800.00	\$19,200	\$800.00	\$19,200	\$800.00	\$19,200						
64	DTs - First 1,500	18,010	\$2.8912	\$52,069	\$2.8227	\$50,835	\$0.9195	\$16,560			\$1.9717	\$35,509	(\$0.0685)	(\$1,234)
65	DTs - Next 2,500	7,384	\$2.8183	\$20,811	\$2.7498	\$20,305	\$0.8466	\$6,251			\$1.9717	\$14,559	(\$0.0685)	(\$506)
66	DTs - Next 5,000	-	\$2.5680	\$0	\$2.4995	\$0	\$0.5963	\$0			\$1.9717	\$0	(\$0.0685)	\$0
67	DTs - Over 9,000	-	\$2.1994	\$0	\$2.1309	\$0	\$0.2277	\$0			\$1.9717	\$0	(\$0.0685)	\$0
68	Integrity Management Rider Revenues			\$4,661		\$4,661		\$4,661						
69	<b>304 / 343 - Interruptible General Sales Service</b>													
70	<b>Motor Vehicle Fuel</b>													
71	Bills - Annual	-	\$800.00	\$0	\$800.00	\$0	\$800.00	\$0						
72	DTs - First 1,500	-	\$2.8912	\$0	\$2.8227	\$0	\$0.9195	\$0			\$1.9717	\$0	(\$0.0685)	\$0
73	DTs - Next 2,500	-	\$2.8183	\$0	\$2.7498	\$0	\$0.8466	\$0			\$1.9717	\$0	(\$0.0685)	\$0
74	DTs - Next 5,000	-	\$2.5680	\$0	\$2.4995	\$0	\$0.5963	\$0			\$1.9717	\$0	(\$0.0685)	\$0
75	DTs - Over 9,000	-	\$2.1994	\$0	\$2.1309	\$0	\$0.2277	\$0			\$1.9717	\$0	(\$0.0685)	\$0
76	<b>313 - Firm Transportation Service</b>													
77	Bills - Annual	892	\$800.00	\$713,600	\$800.00	\$713,600	\$800.00	\$713,600						
78	DTs - Demand	150,547	\$16.2829	\$2,451,347	\$16.2829	\$2,451,347	\$8.0000	\$1,204,378	8.28290	\$1,246,968				
79	DTs - First 1,500	1,021,090	\$0.9195	\$938,892	\$0.8510	\$868,947	\$0.9195	\$938,892			-	\$0	(\$0.0685)	(\$69,945)
80	DTs - Next 2,500	603,062	\$0.8466	\$510,552	\$0.7781	\$469,243	\$0.8466	\$510,552			-	\$0	(\$0.0685)	(\$41,310)
81	DTs - Next 5,000	245,047	\$0.5963	\$146,121	\$0.5278	\$129,336	\$0.5963	\$146,121			-	\$0	(\$0.0685)	(\$16,786)
82	DTs - Over 9,000	26,964	\$0.2277	\$6,140	\$0.1592	\$4,293	\$0.2277	\$6,140			-	\$0	(\$0.0685)	(\$1,847)
83	Integrity Management Rider Revenues			\$1,284,614		\$1,284,614		\$1,284,614						
84	Minimum Margin Agreement Revenues			238,800		238,800		\$238,800						
85	<b>313 / 343 - Firm Transportation Service</b>													
86	<b>Motor Vehicle Fuel</b>													
87	Bills - Annual	36	\$800.00	\$28,800	\$800.00	\$28,800	\$800.00	\$28,800						
88	DTs - Demand	9,734	\$16.2829	\$158,498	\$16.2829	\$158,498	\$8.0000	\$77,872	8.28290	\$80,626				
89	DTs - First 1,500	54,000	\$0.9195	\$49,653	\$0.8510	\$45,954	\$0.9195	\$49,653			-	\$0	(\$0.0685)	(\$3,699)
90	DTs - Next 2,500	40,200	\$0.8466	\$34,033	\$0.7781	\$31,280	\$0.8466	\$34,033			-	\$0	(\$0.0685)	(\$2,754)
91	DTs - Next 5,000	60,000	\$0.5963	\$35,778	\$0.5278	\$31,668	\$0.5963	\$35,778			-	\$0	(\$0.0685)	(\$4,110)
92	DTs - Over 9,000	52,780	\$0.2277	\$12,018	\$0.1592	\$8,403	\$0.2277	\$12,018			-	\$0	(\$0.0685)	(\$3,615)
93	<b>314 - Interruptible Transportation Service</b>													
94	Bills - Annual	588	\$800.00	\$470,400	\$800.00	\$470,400	\$800.00	\$470,400						

Components of Pro forma Revenues			Attrition Period		"Clean"		Attrition Period		Current		Attrition Period		Current		Attrition Period	
Line No.	Rate Schedule	Attrition Period	"Clean"	Revenues	Total Rate plus	Revenues	Current	Attrition Period	Current	Attrition Period	Current	Attrition Period	Current	Attrition Period	Current	Attrition Period
		Billing Determinants (A)		Total Rate	Before Unprotected Excess ADIT Refund	Unprotected Excess ADIT Refund		including Unprotected Excess ADIT Refund		Base Margin Rate Component (B)		Margin Revenues (C)		COG Demand Rate Component (D)		COG Demand Revenues (E)
95	DTs - First 1,500	828,004	\$0.9195	\$761,349	\$0.8510	\$704,631	\$0.9195	\$761,349			-	\$0	(\$0.0685)	(\$56,718)		
96	DTs - Next 2,500	1,092,995	\$0.8466	\$925,330	\$0.7781	\$850,460	\$0.8466	\$925,330			-	\$0	(\$0.0685)	(\$74,870)		
97	DTs - Next 5,000	1,182,198.0	\$0.5963	\$704,945	\$0.5278	\$623,964	\$0.5963	\$704,945			-	\$0	(\$0.0685)	(\$80,981)		
98	DTs - Over 9,000	6,344,226	\$0.2277	\$1,444,580	\$0.1592	\$1,010,001	\$0.2277	\$1,444,580			-	\$0	(\$0.0685)	(\$434,579)		
99	Integrity Management Rider Revenues			\$1,504,393		\$1,504,393		\$1,504,393								
100	314 / 343 - Interruptible Transportation Service															
101	Motor Vehicle Fuel															
102	Bills - Annual	-	\$800.00	\$0	\$800.00	\$0	\$800.00	\$0								
103	DTs - First 1,500	-	\$0.9195	\$0	\$0.8510	\$0	\$0.9195	\$0			-	\$0	(\$0.0685)	\$0		
104	DTs - Next 2,500	-	\$0.8466	\$0	\$0.7781	\$0	\$0.8466	\$0			-	\$0	(\$0.0685)	\$0		
105	DTs - Next 5,000	-	\$0.5963	\$0	\$0.5278	\$0	\$0.5963	\$0			-	\$0	(\$0.0685)	\$0		
106	DTs - Over 9,000	-	\$0.2277	\$0	\$0.1592	\$0	\$0.2277	\$0			-	\$0	(\$0.0685)	\$0		
107	310 - Resale Service															
108	Bills - Annual	24														
109	DTs - Demand	1,800	\$16.2829	\$29,309	\$16.2829	\$29,309	8.0000	\$14,400	8.2829	\$14,909						
110	DTs - Annual	3,105	\$2.7235	\$8,456	\$2.5149	\$7,809	0.7518	\$2,334			1.97170	\$6,122	(\$0.2086)	(\$648)		
111	Integrity Management Rider Revenues			\$10,039		\$10,039		\$10,039								
112	310 / 343- Resale Service															
113	Motor Vehicle Fuel															
114	Bills - Annual	-														
115	DTs - Demand	-	\$16.2829	\$0	\$16.2829	\$0	8.0000	\$0	8.2829	\$0						
116	DTs - Annual	-	\$2.7235	\$0	\$2.5149	\$0	0.7518	\$0			1.97170	\$0	(\$0.2086)	\$0		
117	TOTAL TARIFF LARGE VOLUME															
118	Bills - Annual	2,183														
119	DTs - Demand	243,039														
120	DTs - Annual	12,376,216														
121	Revenues			\$17,156,348		\$16,308,142		\$13,515,339		\$2,013,071		\$1,627,938		(\$848,206)		
122	Special Contracts															
123	Bills - Annual	12														
124	DTs - Annual	603,311		\$259,159		\$259,159		\$259,159		0		0				
125	GRAND TOTAL - ALL TARIFF & SPECIAL CONTRACT															
126	Bills - Annual	2,326,219														
127	DTs - Demand	243,039														
128	DTs - Annual	34,167,792														
129	Revenues			\$212,255,107		\$202,921,922		\$150,782,847		\$18,067,420		\$43,404,841		(\$9,333,186)		
130	Base Margin Revenues															
131	IMR Margin Revenues							\$114,929,817								
132	SALES AND TRANSPORTATION															
133	Total Sales	22,013,917		\$199,576,105		\$191,034,133		\$139,431,439		\$16,739,826		\$43,404,841		(8,541,972)		
134	Total Transportation	12,153,875		\$12,679,002		\$11,887,788		\$11,351,408		\$1,327,594		-		(791,214)		
135	Total Annual	34,167,792		\$212,255,107		\$202,921,922		\$150,782,847		\$18,067,420		\$43,404,841		(\$9,333,186)		
	Monthly Charge Revenues			44,448,187		44,448,187		44,448,187		-		-		-		
	Demand Revenues			3,957,386		3,957,386		1,944,315		2,013,071		-		-		
	Volumetric Revenues			127,485,040		118,151,855		68,025,851		16,054,349		43,404,841		(9,333,186)		

Components of Pro forma Revenues

Line No.	Rate Schedule	Attrition Period Billing Determinants (A)	"Clean" Total Rate	Attrition Period		"Clean"		Attrition Period	
				Revenues Before Unprotected Excess ADIT Refund	Revenues Unprotected Excess ADIT Refund	Total Rate plus Unprotected Excess ADIT Refund	Total Rate plus Unprotected Excess ADIT Refund	Revenues Including Unprotected Excess ADIT Refund	Revenues Unprotected Excess ADIT Refund
	Special Contract Revenues			259,159				259,159	
	Integrity Management Rider Revenues			35,853,030				35,853,030	
	Minimum Margin Agreement Revenues			252,305				252,305	
	<b>Total Revenues</b>			<b>212,255,107</b>				<b>202,921,922</b>	
				-				-	

Current Base Margin Rate Component (B)	Attrition Period Margin Revenues (C)	Current COG Demand Rate Component (D)	Attrition Period COG Demand Revenues (E)	Current COG Commodity Rate Component (F)	Attrition Period COG Commodity Revenues (G)	Current Unprotected Excess ADIT Refund Rate Component (H)	Attrition Period Unprotected Excess ADIT Refund Revenues (I)
	259,159		-		-		-
	35,853,030		-		-		-
	252,305		-		-		-
	<b>150,782,847</b>		<b>18,067,420</b>		<b>43,404,841</b>		<b>(9,333,186)</b>
	-		-		-		-

Piedmont Natural Gas Company, Inc.  
Docket No. 20-00086  
Amortization of TCJA Excess ADIT

Workpaper DND Rev. 2.2  
QPB Exhibits - EDIT Amort

	"2017 Tax Act" Excess Deferreds <sup>1</sup>	Allocation % <sup>2</sup>	TN Amount	Amortization Rate		Amortization Amount
<b>EDIT for Protected PPE</b>						
TN Direct	\$ (44,059,244)	100.00%	\$ (44,059,244)	1.75%	<sup>3</sup>	\$ (772,190)
3-State JP	\$ (15,471,587)	16.33%	\$ (2,526,510)	12.01%	<sup>3</sup>	\$ (303,400)
Total			\$ (46,585,754)	2.31%		\$ (1,075,590)
<b>EDIT for Unprotected PPE</b>						
TN Direct	\$ (10,194,113)	100.00%	\$ (10,194,113)	33.33%	<sup>4</sup>	\$ (3,398,038)
3-State JP	\$ (9,319,907)	16.33%	\$ (1,521,941)	33.33%	<sup>4</sup>	\$ (507,314)
Total			\$ (11,716,054)	33.33%		\$ (3,905,351)
<b>EDIT for Unprotected Non-PPE</b>						
TN Direct	\$ (3,385,154)	100.00%	\$ (3,385,154)	33.33%	<sup>5</sup>	\$ (1,128,385)
3-State JP	\$ (14,114,186)	16.33%	\$ (2,304,847)	33.33%	<sup>5</sup>	\$ (768,282)
Total			\$ (5,690,001)	33.33%		\$ (1,896,667)
<b>Grand Total TN EDIT Giveback, As Amortized</b>						
			\$ (63,991,809.17)	10.75%		\$ (6,877,608)
<b>Exclude Tax Expense Credit associated with EDIT Unprotected Amortization</b>						\$ (5,802,018)
<b>Retain Tax Expense Credit associated with EDIT Protected Amortization</b>						\$ (1,075,590)
<b>Total EDIT Amortizations</b>						\$ (6,877,608)

Notes

1/ EDIT Balances at 12/31/2017 as trued-up to the 2017 income tax return.

2/ Joint Property-related EDIT allocated on the basis of Total Net Plant Excluding Joint Property as of 12/31/17.

3/ Reflects current estimated computation of the ARAM rate ("2020 ARAM Rate").

4/ Per settlement and order in Docket No. 18-00040; this amortization will conclude on 5/31/22.

5/ Per settlement and order in Docket No. 18-00040; this amortization will conclude on 5/31/22.