

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

IN RE:

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

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DOCKET NO. 20-00086

**UPDATED TESTIMONY
OF
DAVID N. DITTEMORE**

DECEMBER 23, 2020

1 **Q1. WHAT IS THE PURPOSE OF YOUR UPDATED TESTIMONY?**

2 **A1.** The purpose of my updated testimony is to correct the Consumers Advocate's adjustments
3 to attrition period pension amortization as originally set forth in schedules and testimony
4 dated November 30, 2020. Within the Consumer Advocate's initial filing, the adjustments
5 to the Company's pension amortization were duplicated between schedules sponsored by
6 Mr. Novak and me. This issue became apparent during development of the Consumer
7 Advocate's response to Piedmont Discovery Request No. 24.

8 **Q2. IDENTIFY THE CORRECTED SCHEDULES YOU ARE SUPPORTING.**

9 **A2.** I am sponsoring the following Revised Schedules:

- 10 • CA Exhibit Schedule 1
- 11 • E-40-1
- 12 • RB-65-1
- 13 • DND Adj Summary
- 14 • Workpaper DND Exp 7
- 15 • Workpaper DND-Exp 7.1

16 **Q3. WHAT IS THE AMOUNT OF THE CORRECTION TO DEFERRED PENSION**
17 **AMORTIZATION EXPENSE YOU ARE SUPPORTING?**

18 **A3.** The amount of the correction increases the Administrative and General (A&G) costs by
19 \$4,024,983 as set forth in Revised Workpaper DND Exp 7. Revised Workpaper DND Exp
20 7.1 provides support for the attrition period balance of (\$70,655), which remains
21 unchanged from the initial filing.

22 **Q4. WHAT IS THE REVISED REVENUE REQUIREMENT RESULTING FROM**
23 **THIS CORRECTION?**

1 **A4.** The revised revenue requirement sponsored by the Consumer Advocate is \$244,888
2 compared with the originally filed revenue requirement of (\$3,795,187). The revised
3 revenue requirement is set forth in Revised CA Exhibit 1.

4 **Q5. PLEASE EXPLAIN THE NATURE OF THE DUPLICATION.**

5 **A5.** The Consumer Advocate's adjustment to the amortization of deferred pension asset was
6 duplicated between Workpaper RB 65-1-00 (and carried forward to E-40-1) and
7 Workpaper DND Exp 7.

8 The Revised Workpaper RB 65-1-00 eliminates the prior adjustment to the pension
9 amortization expense; thus, within this schedule the attrition period balance equals the test
10 period balance.

11 The Revised Workpaper DND Exp 7 computes the Consumer Advocate's attrition period
12 costs based upon the adjustments to the deferred pension asset balance as explained in my
13 direct testimony.¹ The pro-forma attrition period balance is calculated at (\$70,655). The
14 initial calculation was based on the difference between the Company's attrition period
15 balance and the Consumer Advocate's attrition period balance, while the corrected
16 calculation is the difference between the Consumer Advocate's attrition period balance and
17 the Company's test period results. As shown on Revised Workpaper DND Exp 7, the
18 attrition period adjustment is (\$2,756,998). This adjustment is also carried forward to the
19 Revised Workpaper DND-Sum where all my adjustments are listed.

20 **Q6. HAVE YOU REVISED TABLE 1 CONTAINED IN YOUR INITIAL TESTIMONY?**

¹ *Direct Testimony of David N. Dittemore*, at 8:2 - 15:14, TPUC Docket No. 20-00086 (November 30, 2020).

1 A7. Yes. The Revised Table is shown below:

Piedmont Natural Gas Company, Inc.				
Docket No. 20-00086				
Summary of Consumer Advocate Adjustments to A&G Expense				
				Revised
Table 1 - Reconciliation of Consumer Advocate Attrition Period A&G Costs				
				Witness
Item	Amount	Reference		Sponsor
Attrition Period Forecast Before Adjustment	\$ 25,857,622	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 Tennessee	\$ (202,123)	Workpaper DND-Exp-6		Dittemore
Less: Adjustment to Properly Reflect Deferred Pension Contribution Amort.	\$ (2,756,998)	Workpaper DND Exp -7		Dittemore
Less: Adjustment to Properly Reflect DEBS Asset Allocation Costs	\$ (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
Net Attrition Period Forecast	\$ 18,457,202			
Less: Original Consumer Advocate Attrition Period	\$ 14,432,218			
Additional Consumer Advocate A&G Costs	\$ 4,024,984			

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3 Q. DOES THIS COMPLETE YOUR UPDATED TESTIMONY?

4 A. Yes.

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DOCKET NO. 20-00086

AFFIDAVIT

I, David N. Dittmore, on behalf of the Consumer Advocate Unit of the Attorney General's Office, hereby certify that the attached Updated 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. 12/22/2020

Terra Allen
NOTARY PUBLIC



My commission expires: _____

Revised Schedule 1

Piedmont Natural Gas
Results of Operations
For the 12 Months Ending December 31, 2021

Line No.		Piedmont <i>A/</i>	Consumer Advocate <i>B/</i>	Difference
1	Rate Base	\$ 917,782,054	\$ 868,173,502	\$ -49,608,552
2	Operating Income At Current Rates	42,839,172	57,111,221 <i>C/</i>	14,272,049
3	Earned Rate Of Return	4.67%	6.58%	1.91%
4	Fair Rate Of Return	7.10%	6.60% <i>D/</i>	-0.50%
5	Required Operating Income	65,173,539	57,299,452	-7,874,087
6	Operating Income Deficiency (Surplus)	22,334,367	188,232	-22,146,136
7	Gross Revenue Conversion Factor	<u>1.339565</u>	<u>1.300995</u> <i>E/</i>	<u>-0.038570</u>
8	Revenue Deficiency (Surplus)	\$ <u>29,919,130</u>	\$ <u>244,888</u>	\$ <u>-29,674,242</u>

- A/ Company Workpapers.
B/ CA Exhibit, Schedule 3.
C/ CA Exhibit, Schedule 6.
D/ CA Exhibit, Schedule 13.
E/ CA Exhibit, Schedule 14.

Deferred Debit	Average Balance		Amortization	Attrition
	Test Period	Attrition Period	Test Period	Period
Deferred Hedging Costs	487,570	487,570 A/	0	0 A/
Deferred Rate Case Costs	38,070	0 B/	82,485	0 B/
Deferred Environmental Costs	412,311	339,041 C/	243,756	135,612 C/
Deferred Pension Funding	15,220,904	-176,638 D/	2,686,344	2,686,344 D/
Deferred Flood Restoration Costs	50,753	0 E/	109,966	0 E/
Total	16,209,609	649,973	3,122,551	2,821,956
			Change	-300,595 F/

A/ WHN Rate Base Workpaper RB-65-2.00.

B/ WHN Rate Base Workpaper RB-65-3.00.

C/ WHN Rate Base Workpaper RB-65-4.00.

D/ WHN Rate Base Workpaper RB-65-5.00.

E/ WHN Rate Base Workpaper RB-65-6.00.

F/ Amortization change reflected on WHN Expense Workpaper E-40-1.00.

	Test Period	Attrition Period	
Administrative & General Expense - Tennessee Direct Labor	740,240	779,538	A/
Administrative & General Expense - Tennessee Allocated Labor	3,632,606	3,825,458	B/
Administrative & General Expense - Non-Labor	20,623,806	21,581,988	C/
Total Administrative & General Expense	24,996,652	26,186,984	
Incremental Deferred Debit Amortization		-300,595	F/
Net Administrative & General Expense		25,886,389	
Alternative Total Calculation	24,996,862	26,158,217	D/
Incremental Deferred Debit Amortization		-300,595	F/
Net Administrative & General Expense	24,996,862	25,857,622	

Forecast to use	25,857,622
Less Non-Applicable Attrition Period Expense	-61,821 E/
Less Elimination of Severance Costs	-96,110 G/
Less Elimination of Out-of-Period Costs (CA2-16)	-129,402 G/
Less Elimination of Employee Transition Costs	-382,079 G/
Less Elimination of Out-of-Period Costs (CA2-22)	-46,461 G/
Less Elimination of Costs Improperly Allocated to Tennessee	-54,913 G/
Less Elimination of Calculated Costs Improperly Allocated to Tennessee	-202,123 G/
Less Adjustment to Properly Reflect Deferred Pension Contribution Amort.	-2,756,998 G/
Less Adjustment to Properly Reflect DEBS Asset Allocation Costs	-134,558 G/
Less Elimination of DEBS Depreciation Expense Allocation	-1,803,342 G/
Less Elimination of Incentive Compensation Costs	-1,677,948 H/
Less Elimination of Lobbying Costs	-54,665 I/
Net Attrition Period Forecast	18,457,202

- A/ WHN Expense Workpaper E-40-2.00.
B/ WHN Expense Workpaper E-40-3.00.
C/ WHN Expense Workpaper E-40-4.00.
D/ WHN Expense Workpaper E-40-5.00.
E/ WHN Expense Workpaper E-40-1.01.
F/ WHN Rate Base Workpaper RB-65-1.00.
G/ DND Expense Workpaper Summary
H/ AB Expense Workpaper AB-1.
I/ AB Expense Workpaper AB-3.

Revised

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 Federal Taxes	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)											
Total Net Plant Investment	\$ -	\$ (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													
Total Working Capital	\$ (10,062,456)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Rate Base	\$ (10,062,456)	\$ (3,023,348)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Revenue				\$ 9,333,186									
Non-Operating Revenue													
Warranty Operating Margin			\$ 2,617,065										
Total Revenue	\$ -	\$ -	\$ 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)													
Administrative & General Expense (920 - 935)					\$ (96,110)	\$ (129,402)	\$ (382,079)	\$ (46,461)	\$ (54,913)	\$ (202,123)	\$ (2,756,998)	\$ (134,558)	\$ (1,803,342)
Depreciation & Amortization													
Taxes Other Than Income													
Investment Tax Credit													
State Income Taxes				\$ 5,802,018									
Federal Income Taxes													
Total Expenses	\$ -	\$ -	\$ -	\$ 5,802,018	\$ (96,110)	\$ (129,402)	\$ (382,079)	\$ (46,461)	\$ (54,913)	\$ (202,123)	\$ (2,756,998)	\$ (134,558)	\$ (1,803,342)
Net Operating Margin	\$ -	\$ -	\$ 2,617,065	\$ 3,531,168	\$ 96,110	\$ 129,402	\$ 382,079	\$ 46,461	\$ 54,913	\$ 202,123	\$ 2,756,998	\$ 134,558	\$ 1,803,342
Cash Working Capital Classification	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
To Adjust Deferred Pension Cost
Amortization

Revised
Workpaper DND Exp 7

			Piedmont Test Period		Consumer Advocate Adjustment		Consumer Advocate Attrition Period
Annual Attrition Period Amortization	A/	\$	2,686,343		\$	(2,756,998)	B/ \$ (70,655)

Summary of Change in A&G Costs Compared with Initial Consumer Advocate Filing			Updated Consumer Advocate Adjustment		Original Consumer Advocate Adjustment		Increase in A&G Costs
Workpaper RB-65-1.0; To Restate Pension Expense from RB-65-1.0 to test period levels.	C/	\$	(300,595)	C/	\$	(3,057,594)	\$ 2,756,999
Workpaper Exp 7; To reflect the Consumer Advocate Adjustment based upon Piedmont's Test Period Balance	D/	\$	(2,756,998)	D/	\$	(4,024,982)	\$ 1,267,984
Increase in Attrition Period A&G costs due to Consumer Advocate Corrections							\$ 4,024,983

- A/ Piedmont File 5B_DefPensionAmortAdj; Line 9
B/ Workpaper DND Exp 7.1
C/ Workpaper RB-65-1.0, Corrected and Original
D/ Workpaper DND Exp 7, Corrected and Original

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				
Line No.			Piedmont Request	
1	TN Deferred Pension Account Balance as of 2/29/2012 as approved in Docket No. 11-0014	A/	\$ 21,490,746	
2	Less: Total Amortized Expenses from 3/1/2012-3/31/2020 (a)	A/	\$ 21,714,608	
3	Plus: Incremental Pension Funding , as deferred (b)	A/	\$ 14,101,600	
4	Account Balance as of March 31, 2020 (Line 1 - Line 2 + Line 3)		\$ 13,877,738	
5	Less: Total Amortized Expenses from 4/1/2020 - 12/31/2020 (f)	A/	\$ 2,014,757	
6	Unamortized Account Balance as of January 1, 2021 (Line 4 - Line 5)		\$ 11,862,981	
7	Proposed amortization period, in years		3	
8	Annual amortization amount (Line 6 / Line 7)		\$ 3,954,327	
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	

Revised
Workpaper DND - Exp 7.1
Workpaper DND - RB-1.5

Consumer Advocate Adjustment	Consumer Advocate Attrition Period
	\$ 21,490,746
	\$ 21,714,608
\$ (12,074,947) B/	\$ 2,026,653
\$ (12,074,947)	\$ 1,802,792
	\$ 2,014,757
	\$ (211,966)
	3
\$ (2,756,998)	\$ (70,655)

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:

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

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

A/ Piedmont Exhibit 5B_DefPensionAmort Adj
B/ See Workpaper DND-RB-1.2