

STATE OF TENNESSEE

Office of the Attorney General



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January 15, 2021

Hon. Kenneth C. Hill, Chairman
c/o Sharla Dillon
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: *Piedmont Natural Gas Company, Inc. Petition for an adjustment of Rates, Charges, and Tariffs Applicable to Service in Tennessee*, TPUC Docket No. 20-00086.

Dear Chairman Hill:

Since the submission of Piedmont Natural Gas Company, Inc.'s (Petition) Petition in the above-referenced matter on July 3, 2020, Piedmont and the Consumer Advocate Unit in the Financial Division of the Tennessee Attorney General's Office (Consumer Advocate) have been involved in cooperative discussions and have exchanged various information related to the Petition. As a result of these discussion and interest in streamlining the upcoming virtual hearing, the Parties agreed upon a List of Issues (attached), which also identifies which issues are resolved or resolved between the Parties.

As required, an original of this filing, along with four hard copies will follow. Should you have any questions concerning this filing, or additional information, please do not hesitate to contact me.

Respectfully,

Karen H. Stachowski

Karen H. Stachowski
Assistant Attorney General

cc: Paul S. Davidson, Esq.
James H. Jeffries, Esq.
Brian S. Heslin, Esq.

Jointly Filed Issues List

No.	Issues	CA Witness(es)	Issue Status		How is the Issue Resolved	Piedmont Witness(es) - Direct	Piedmont Witness(es) - Rebuttal
			Unresolved	Resolved			
1	What is the appropriate level of Short-Term Incentive Pay Plan (STIP) cost recovery?	Alex Bradley	X			Bowman	Bowman
2	What is the appropriate level of Long-Term Incentive Pay Plan (LTIP) cost recovery?	Alex Bradley	X			Bowman	Bowman
3	What is the appropriate level of Capitalized STIP included in Rate Base?	Alex Bradley	X			Bowman	Bowman
4	What is the appropriate level of Capitalized LTIP included in Rate Base?	Alex Bradley	X			Bowman	Bowman
5	Has the Company adequately identified the level of Lobbying expenses to be excluded in this case?	Alex Bradley	X			Bowman	Bowman
6	Capital Structure	Chris Klein		X	CA Agreement with Capital Structure proposed by Piedmont.	Sullivan	n/a
7	Short and long-term debt cost rates	Chris Klein		X	CA Agreement with Capital Structure proposed by Piedmont.	Sullivan	n/a
8	What is the appropriate Return on Equity?	Chris Klein	X			D'Ascendis	D'Ascendis
9	Should a reduction in ROE be adopted in light of the Company's upcoming ARM filing?	Chris Klein/ Dittemore	X			D'Ascendis/Powers	D'Ascendis/Powers
10	What is the appropriate attrition period billing determinants?	Hal Novak	X			Couzens	Couzens
11	What is the appropriate Revenue Calculation Adjustment regarding Weather Normalization?	Hal Novak	X		Piedmont's position is that no weather normalization should be done for the class of large volume customers for the purposes of developing billing determinants for ratemaking.	Couzens	Couzens
12	Should a portion of the revenue requirement change be assigned to special contract customers?	Hal Novak	X			Couzens	Couzens

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			Unresolved	Resolved			
13	Should the Commission open a separate docket to consider the appropriate level of Piedmont's pipeline capacity and storage assets?	Hal Novak	X			n/a	Powers
14	What is the appropriate Revenue Calculation Adjustment regarding Customer Usage?	Hal Novak	X			Couzens	Couzens
15	What is the appropriate Revenue Calculation Adjustment regarding Customer Growth?	Hal Novak	X			Couzens	Couzens
16	What is the appropriate Revenue Calculation Adjustment regarding Cost of Gas Demand Rates?	Hal Novak		X	The Company accepts the Consumer Advocate proposal. Couzens Rebuttal p. 4	Couzens	Couzens
17	Should the Commission recognize the increase in revenue associated with elimination of IMR Surcharge?	Hal Novak		X	Commission verbal approval adopted in December public meeting.	Couzens	Couzens
18	Should the Commission accept the Company's' calculation to reduce attrition period revenue associated with excess ADIT customer refunds?	Novak/Dittemore		X	The Company accepts the Consumer Advocate proposal. Couzens Rebuttal p. 2.	Couzens	Couzens
19	Should the Commission adopt Miscellaneous Revenue as proposed by the Consumer Advocate?	Novak/Dittemore	X			Couzens	Couzens
20	Should the Commission accept the Consumer Advocate's proposed adjustment on forfeited discounts regarding the change in the amount of time customers have to pay their bills (from 12 to 25 days).	Hal Novak	X		The Company does not agree with the CA's Attrition Period forfeited discount revenue level.	Couzens	Couzens
21	Does the Company have the authority to require customers to enter into Minimum Margin Agreements and should all such collections be refunded to customers?	Hal Novak	X			n/a	Powers

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			Unresolved	Resolved			
22	Should the Company's proposal to change the PGA billing demand rates be adopted within this rate case?	Hal Novak		X	Couzens Rebuttal pg. 4	Couzens	Couzens
23	Should the variable fixed demand charges be eliminated from base rates and instead recovered through the Purchased Gas Adjustment?	Hal Novak		X	Piedmont agreed with the CA's recommendations on this PGA COG demand matter, per the issues shown in Lines #16 and #22 above. Accordingly, Piedmont has withdrawn its request to change its COG demand rates in this rate case proceeding and, on a going forward basis, will propose any adjustments to its COG demand rates through the PGA rider mechanism (see Couzens Rebuttal Testimony, pg. 4). As clarified by Mr. Novak on the call between the parties on 1/7/2021, there is no unresolved issue in this proceeding on the matter of COG demand rates.	n/a	Couzens
24	Should the Commission give notice that the current special contract with Bridgestone/Firestone expire at year end?	Hal Novak		X	See para. 14 of the filing Piedmont made in TPUC Docket No. 10-00015 on 9/23/2020. Also see letter in Piedmont's 9/28/2020 filing in Docket No. 10-00015. Powers can testify to this at the hearing as needed	n/a	n/a
25	Should the Commission adopt the Consumer Advocates proposed Rate Base?	Hal Novak	X			Bowman	Bowman
26	What is the appropriate level of Net Plant Investment for Utility Plant In Service included in Rate Base?	Hal Novak	X			Bowman	Bowman
27	What is the appropriate level of Net Plant Investment regarding CWIP included in Rate Base?	Hal Novak	X			Bowman	Bowman

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			Unresolved	Resolved			
28	What is the appropriate level of Net Plant Investment for Accumulated Depreciation included in Rate Base?	Hal Novak	X			Bowman	Bowman
29	What level is the appropriate level of Net Plant Investment for Depreciation Expensed for Indirect Plant included in Rate Base?	Hal Novak	X			Bowman	Bowman
30	Should the Commission require the Company to have a depreciation study conducted on its indirect common plant allocated or charged to Tennessee?	Hal Novak	X (partial)		See Powers, page 18, where the Company commits to conducting a depreciation study of its Piedmont common assets allocated to TN. Piedmont has not committed to conducting a depreciation study of the DEBS assets allocated to Piedmont/TN.	n/a	Powers
31	Should the Commission adopt the Company's proposed depreciation rates for Tennessee plant?	Hal Novak		X	CA adopted Piedmont's proposed depreciation rates.	Watson/Bowman	Watson/Bowman
32	Should the Commission exclude DEBS Depreciation Expense allocated to Piedmont-Tennessee A&G costs?	Hal Novak	X			Bowman	Bowman
33	What is the appropriate level of Net Plant Investment for CIAC included in Rate Base?	Hal Novak		X	CA adopted Piedmont's CIAC balance to exclude from Rate Base (Novak page 32/33)	Bowman	Bowman
34	What is the appropriate level of Net Plant Investment for Accumulated Deferred Income Tax included in Rate Base?	Novak/Dittemore	X			Bowman	Bowman

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			Unresolved	Resolved			
35	Should the ADIT balance be calculated using components calculated consistent with how such elements are included in the revenue requirement.	Novak/Dittemore		X	The Company agrees with CA's proposal to remove pension implications on the ADIT balance; (Bowman p. 36). Further the CA agrees with the Company with respect to the portion of Bowman's testimony related to bullet point three identified on page 33, then on page 34:13 - 36:7.	Bowman	Bowman
36	What level of ADIT should be incorporated into the Rate Base?	Novak/Dittemore	X (partial)		The issue is largely unresolved (Bowman Rebuttal page 35) due to difference in CA methodology and Piedmont methodology to project ADIT balance for attrition period.	Bowman	Bowman
37	Do the Parties agree to using an attrition period balance for Gas Inventory equal to the Test Period Balance?	Hal Novak		X	Piedmont's Rebuttal position eliminated any difference between the test period and attrition period balance of Gas Inventory in Rate Base.	Bowman	Bowman
38	What is the appropriate level of Working Capital for Gas Inventory included in Rate Base?	Hal Novak	X		The CA's position is that the Attrition Period Gas Inventory 13-month balance in this proceeding should equal the Test Period 13-month balance. Piedmont's agreed with this position per the issue in line #37 above. However, Piedmont identifies that the CA is using an incorrect Test Period 13-month balance for this matter; the difference is (\$539,996).	Bowman	Bowman
39	What is the appropriate level of Working Capital for Customer Deposits included in Rate Base?	Hal Novak		X	Piedmont accepted CA adjustment of \$15,026. Therefore, Piedmont's Rebuttal position reflects the same Attrition Period Customer Deposit Balance in Working Capital as the CA.	Bowman	Bowman

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			Unresolved	Resolved			
40	What is the appropriate level of Working Capital for Accrued Interest on Customer Deposits included in Rate Base?	Hal Novak		X	Piedmont accepted CA adjustment of \$1,974. Therefore, Piedmont's Rebuttal position reflects the same Attrition Period Interest on Customer Deposit Balance in Working Capital as the CA.	Bowman	Bowman
41	What is the appropriate level of Working Capital for Cash Working Funds included in Rate Base?	Hal Novak		X	Cash Working Funds, as show in line 8 in Bowman Rebuttal Exhibit (QPB-4), reflects that Piedmont accepted in its Rebuttal Computations the CA's adjustment for Cash Working Funds.	Bowman	Bowman
42	What is the appropriate level of Working Capital for Materials & Supplies included in Rate Base?	Hal Novak		X	Piedmont accepted CA adjustment of \$8,663. Therefore, Piedmont's Rebuttal position reflects the same Attrition Period Materials and Supplies Balance in Working Capital as the CA.	Bowman	Bowman
43	Should a lead lag value be applied to Income Tax Expense within the CWC calculation?	Hal Novak		X	The Consumer Advocate accepts Piedmont's Direct (& Rebuttal) Testimony, which assigns lead-lag days to Income Tax Expense.	Bowman	Bowman
44	What is the appropriate level of Working Capital for Deferred Debits - Deferred Hedging Costs included in Rate Base?	Hal Novak		X	CA accepted Piedmont's inclusion of hedging costs of Working Capital for Deferred Debits - Deferred Hedging Costs included in Rate Base.	Bowman	Bowman
45	If the Commission determines that rate case costs should be recovered in base rates, the parties agree that the deferred rate case costs to be included in Rate Base should be reduced by \$50,000.	Hal Novak		X	The Company adopted the CA's proposal to remove \$60k from rate case expense related to ARM consultant Powers Rebuttal pages 15-16. Which resulted in a (\$50,000) adjustment to the Attrition Period Working Capital balance for Deferred Debits - Deferred Rate Case Costs included in Rate Base; such (\$50,000) deferred debit adjustment was adopted by Piedmont in Bowman's Rebuttal computations.	Bowman	Bowman

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No.	Issues	CA Witness(es)	Issue Status		How is the Issue Resolved	Piedmont Witness(es) - Direct	Piedmont Witness(es) - Rebuttal
			Unresolved	Resolved			
46	How should rate case costs be recovered from ratepayers, through base rates or a separate surcharge?	Hal Novak	X			Powers	Powers
47	What is the appropriate level of Working Capital for Deferred Debits - Environmental Costs included in Rate Base?	Hal Novak		X	CA did not contest Piedmont's proposed Working Capital for Deferred Debits - Environmental Costs included in Rate Base.	Bowman	Bowman
48	What is the appropriate level of Working Capital for Deferred Debits - Pension Costs included in Rate Base?	Hal Novak	X			Bowman	Bowman
49	What is the appropriate level of Working Capital for Deferred Debits - Flood Restoration Costs included in Rate Base?	Hal Novak		X	CA did not contest Piedmont's proposed Working Capital for Deferred Debits - Flood Restoration Costs included in Rate Base.	Bowman	Bowman
50	What is the appropriate level of Working Capital for Prepaid Insurance included in Rate Base?	Hal Novak	X			Bowman	Bowman
51	The Company agrees to the elimination of accrued pension assets from rate base.	Hal Novak	X (partial)		In Rebuttal, Piedmont corrected its original duplication of pension in Rate Base. Therefore, in its Rebuttal computations, Piedmont eliminated from Working Capital the per books GAAP pension asset and liability balances. The unresolved issue is the inclusion of Piedmont's Pension Deferred Debits in Working Capital.	Bowman	Bowman
52	Should accrued OPEB costs be included in working capital?	Hal Novak	X		An open issue is whether \$12,028,380 of OPEB costs should be included in rate base.	Bowman	Bowman
53	Should the Commission adopt the Company's Minimum Required Contribution for Rate Setting Purposes?	Hal Novak	X			n/a	Bowman
54	What is the appropriate level of Working Capital for Fleets & Overheads included in Rate Base?	Hal Novak	X			Bowman	Bowman

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			Unresolved	Resolved			
55	What is the appropriate level of Working Capital for Accounts Payable Related to CWIP included in Rate Base?	Hal Novak	X			Bowman	Bowman
56	What is the appropriate level of Working Capital for Accounts Payable Related to M&S included in Rate Base?	Hal Novak	X			Bowman	Bowman
57	What is the appropriate level of Working Capital for Accrued Vacation included in Rate Base?	Hal Novak	X			Bowman	Bowman
58	What is the appropriate level of Working Capital for Lead/Lag Study Requirement in Rate Base?	Hal Novak	X (partial)		While the parties agree on the mechanics of the CWC computation, the parties do not agree on the inputs into the calculation. See Item #41 above.	Bowman	Bowman
59	What is the appropriate level of Taxes Other than Income Tax for Property Tax?	Hal Novak	X			Bowman	Bowman
60	What is the appropriate level of Taxes Other than Income Tax, Franchise Tax?	Hal Novak	X			Bowman	Bowman
61	What is the appropriate level of Taxes Other than Income Tax, Gross Receipts Tax?	Hal Novak	X			Bowman	Bowman
62	What is the appropriate level of Taxes Other than Income Tax, Payroll Tax?	Hal Novak	X			Bowman	Bowman
63	What is the appropriate Taxes Other than Income Tax, Allocated & Other Taxes?	Hal Novak	X			Bowman	Bowman
64	Should the Commission reject ratepayer funding of the Gas Technology Institute?	Hal Novak	X			Powers	Powers
65	What is the appropriate calculation of the uncollectible factor within the revenue conversion factor?	Hal Novak	X (partial)		Piedmont adopted the CA's methodology on this matter in its Rebuttal computations. What is unresolved is that Piedmont disagrees with the value of this factor as computed by the CA.	Bowman	Bowman

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No.	Issues	CA Witness(es)	Issue Status		How is the Issue Resolved	Piedmont Witness(es) - Direct	Piedmont Witness(es) - Rebuttal
			Unresolved	Resolved			
66	Within the Revenue Conversion Factor, the parties agree to the exclusion of the Commission fee factor and the gross receipts factor.	Hal Novak		X	Piedmont accepted exclusion of Commission fee factor and gross receipts factor (Bowman Rebuttal Pg. 3)	Bowman	Bowman
67	Should the Commission accept the Company's COSS to set rates for each of its tariffs?	Hal Novak	X			Couzens/Normand	Couzens/Normand
68	What is the appropriate manner in which to spread the rate increase to customer class?	Hal Novak	X			Couzens/Normand	Couzens/Normand
69	What is the appropriate level of Interest on Customer Deposits includable in the Company's revenue requirement?	Hal Novak		X	Piedmont accepted the Consumer Advocate's Adjustment (Bowman Rebuttal Exhibit (QPB-7) Page 1 of 5, line 14.	Bowman	Bowman
70	Should the Company be required to continue to publish its base rates in its tariff?	Hal Novak	X			Powers	Powers
71	Whether a Piedmont ARM should be approved is subject to a public interest determination to be addressed in a subsequent proceeding.	Dave Dittemore		X		Powers	Powers
72	Does the Company have the burden to set forth proposed ratemaking methodologies if it seeks to operate under an ARM mechanism?	Dave Dittemore	X			Powers	Powers
73	Should the Company recover \$60 thousand in regulatory costs associated with fees incurred in support of an ARM filing?	Dave Dittemore		X	Piedmont agreed to remove this \$60k as a rate case expense for this proceeding. Powers Rebuttal pg. 15-16.	Powers	Powers
74	Should deferred pension funding incurred during the period 2012 - 2016 be included in Rate Base?	Dave Dittemore	X (partial)			Bowman	Bowman

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			Unresolved	Resolved			
75	What is the appropriate amortization period to use in amortizing deferred pension assets - whether using the Company's or the Consumer Advocate's deferred balance?	Dave Dittemore	X			Bowman	Bowman
76	Should the Commission terminate the Company's pension funding accounting order from 1996?	Dave Dittemore	X			n/a	Powers
77	The mechanics of the Cash Working Capital calculation have been agreed to by the parties.	Dave Dittemore		X		Bowman	Bowman
78	Should Home Serve revenues be included as operating revenue?	Dave Dittemore	X			Couzens	Couzens
79	Should the Company's pro-forma revenue level be increased due to the Company's elimination of such revenues for the flowback of temporary TCJA credits. Likewise, should income tax expense be increased as well to reflect the temporary nature of the TCJA credits?	Dave Dittemore/Hal Novak		X	The Company accepts the Consumer Advocate proposal to eliminate effects of TCJA. For income tax expense reduction, see Bowman pages 2,3.	Bowman/Couzens	Bowman/Couzens
80	Should severance costs initiated at the time of the acquisition, recorded in the test period but terminating at 12/31/20 be removed in developing attrition period costs?	Dave Dittemore		X	The Company accepted the Consumer Advocate proposal on this, and removed it as a non-recurring expense in its Rebuttal computations.		Bowman
81	Should out-of period lease costs be eliminated in developing attrition period costs?	Dave Dittemore		X	The Company accepted the Consumer Advocate proposal on this, as reflected in Rebuttal computations; see Bowman Rebuttal page 4		Bowman
82	Should pension related transition costs terminating at December 31, 2020 be eliminated in developing attrition period costs?	Dave Dittemore		X	The Company accepted the Consumer Advocate proposal on this, as reflected in Rebuttal computations; see Bowman Rebuttal page 4.		Bowman

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			Unresolved	Resolved			
83	Should out of period expenses consultant costs be eliminated in developing attrition period costs?	Dave Dittmore		X	The Company accepted the Consumer Advocate proposal on this, as reflected in Rebuttal computations; see Bowman Rebuttal page 4.		Bowman
84	Should costs associated with the provision of electric service be eliminated when developing attrition period costs?	Dave Dittmore		X	The Company accepted the Consumer Advocate proposal on this, as reflected in Rebuttal computations; see Bowman Rebuttal page 4.		Bowman
85	Should excluded electric related costs found within one cost allocation code be extrapolated to non-sampled items within that allocation methodology?	Dave Dittmore		X	The Company accepted the Consumer Advocate proposal on this, as reflected in Rebuttal computations; see Bowman Rebuttal page 4.		Bowman
86	Should DEBS costs allocated to Piedmont-Tennessee operations be reduced based upon the ROE proposed by Dr. Klein?	Dave Dittmore	X		This item is unresolved due to the fact that the parties disagree on ROE.	n/a	Bowman
87	Should the DEBS costs allocated to Piedmont-Tennessee operations include a return on DEBS pension assets?	Dave Dittmore		X	The Company agreed with the removal of a return on DEBS pension assets in the amount of \$81,313 to be consistent with Piedmont's treatment of pension assets. This adjustment was reflected in Piedmont's Rebuttal computations; see Bowman Rebuttal testimony p. 12.		Bowman
88	Should the Commission open an investigation into whether personal customer information collected by utilities should be provided to unregulated third-parties with the intent for accruing utility operating margins?	Dave Dittmore		X	The Consumer Advocate's recommendation was that the Commission open an investigation to determine whether sharing of personal customer information with third parties for the sole purposes of generating income is in the public interest. (Dittmore Testimony p. 37). Piedmont does not object to this recommendation.	n/a	n/a

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			Unresolved	Resolved			
89	In light of the level of environmental costs forecasted by the Company should the Commission require the Company to address its environmental activity and actions in future proceedings in which such costs are included for recovery?	Dave Dittmore		X	In future rate proceedings, Piedmont will provide more explanation and support in its filing for the nature and need of the environmental costs which it deferred and is seeking recovery of.	n/a	Powers
90	Is the appropriate level of operating expense included in cost of service?	Hal Novak	X			Bowman	Bowman