

STATE OF TENNESSEE

Office of the Attorney General



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July 8, 2020

BY ELECTRONIC MAIL

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**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 Messrs. Davidson, Jeffries, and Heslin:

I hope that you are all well. I am writing to discuss the filing Piedmont Natural Gas Company, Inc. ("Piedmont" or "Company") recently made with the Tennessee Public Utility Commission ("TPUC" or "Commission") requesting an increase in rates. While the Consumer Advocate Unit in the Financial Division of the Office of the Tennessee Attorney General

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("Consumer Advocate") has not yet filed a *Petition to Intervene*, my hope is that we can address items on an expedited basis in order to move forward efficiently.

First, I note that Piedmont has filed a *Proposed Procedural Schedule*. The Consumer Advocate is currently reviewing Piedmont's filing and determining how to assign labor based on Piedmont's request. Therefore, we are unable to agree at this time to your proposal but will work with you to come to an agreed proposal for the Hearing Officer's consideration.

Next, in order to expedite our review to the extent possible, can you provide all filings made by Piedmont, including schedules and Excel workbooks, in their native format? While the Consumer Advocate has not yet formally intervened, we hope to begin reviewing Piedmont's request as soon as possible. And concerning Piedmont's schedules and other supporting information, it is the Consumer Advocate's understanding that – while TPUC's rules do not explicitly include minimum filing requirements – the long-standing practice before the Commission at the inception of a general rate case has entailed the submission of additional information at the outset of the case. For an example, please refer to TPUC Docket No. 19-00057 and the *Minimum Filing Requirement Responses by Navitas TN NG, LLC* submitted in that Docket on August 2, 2019.¹ In addition to the information provided along with the Company's filing on July 2, 2020, please submit all minimum filing requirements to the Consumer Advocate and either supplement the Company's July 2 filing or affirm that the minimum filing requirements are included in the filing (and for each requirement, direct the Consumer Advocate to where each corresponding item may be found in Piedmont's submission).

Last, on July 5, 2020, it was announced that construction of the Atlantic Coast Pipeline ("ACP project"), jointly controlled by Dominion Energy, Duke Energy, and the Southern Company, would be terminated.² Duke Energy's 2019 Securities and Exchange Commission 10-K filing indicates a 47% ownership stake of the ACP project is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment.³ The 10-K further indicates that Duke's investment was recorded at \$1.2 Billion as of December 31, 2019. An article published July 6, 2020, by S&P Global indicates that Duke has determined a pretax charge of approximately \$2 billion to \$2.5 billion.

Piedmont submitted a proposal to increase rates in its Tennessee jurisdiction on July 2, 2020, the last working day before the announcement of the cancellation of the ACP project. Due to the timing, Piedmont should have been aware of the upcoming cancellation of the ACP project prior to submitting its rate case for consideration to the Commission. Piedmont's operations in Tennessee are reported within the Gas Utilities and Infrastructure segment of Duke's overall operations.

¹ Publicly available at share.tn.gov/tra/orders/2019/1900057g.pdf (accessed July 7, 2020).

² ATLANTIC COAST PIPELINE CANCELED AS DELAYS AND COSTS MOUNT, IVAN PENN, New York Times (July 5, 2020) (publicly available at <https://www.nytimes.com/2020/07/05/business/atlantic-coast-pipeline-cancel-dominion-energy-berkshire-hathaway.html>).

³ Duke Energy Form 10-K for the Year Ended December 31, 2019, p. 152 (publicly available at <https://www.duke-energy.com/media/pdfs/our-company/investors/2019-duke-energy-form-10-k.pdf?la=en>) (accessed July 7, 2020).

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A brief review of Piedmont's July 2 filing with TPUC reveals that there is no discussion of how the ACP project investment and its subsequent cancellation impact the capital structure of Piedmont for purposes of its request to increase rates. Because of the material change that took place after the Company's July 2 filing but was known to the Company beforehand, the Consumer Advocate contends that Piedmont must supplement or resubmit its rate request, along with corresponding updated schedules and testimony. We hope to resolve this issue as soon as possible.

Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, reading "Daniel P. Whitaker, III". The signature is stylized with a large "D" and "W".

Daniel P. Whitaker, III
Assistant Attorney General

cc: TPUC Docket No. 20-00086
David Foster, Director
Kelly Cashman-Grams, General Counsel
Monica Smith-Ashford, Deputy General Counsel
James P. Urban, Deputy AG
Vance L. Broemel, Sen. AAG
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