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July 10, 2020

Via Email and U.S. Mail

Daniel P. Whitaker, III
Assistant Attorney General
P.O. Box 20207
Nashville, Tennessee 37202

Re: Piedmont Natural Gas Company, Inc. Petition for an Adjustment of Rates, Charges, and Tariffs Applicable to Service in Tennessee; Docket No.: 20-00086

Dear Mr. Whitaker:

Thank you for your letter of July 8, 2020 on behalf of the Consumer Advocate Unit ("Consumer Advocate") regarding the recent rate case filing by Piedmont Natural Gas Company, Inc. ("Piedmont" or the "Company") with the Tennessee Public Utility Commission ("TPUC" or "Commission").

In your letter, you raise several issues related to Piedmont's filing that I wanted to address promptly. These issues are identified and discussed by topic below:

Procedural Schedule

Thank you for your commitment to review our proposed procedural schedule and to work with the Company to try to reach consensus on a workable schedule for this docket. As you know, our goal is to complete the docket so that new billing rates can take effect for January, 2021 which coincides with the timeframe in which rates could otherwise be placed into effect under bond. We look forward to working with the Consumer Advocate and the Hearing Officer on this schedule.

Minimum Filing Requirements

As I am sure you are aware, Piedmont made its Minimum Filing Requirements ("MFR") filing in this docket concurrent with the filing of its rate case. Our filing consisted of two notebooks containing the rate case Petition and supporting testimony and two notebooks containing the MFR responses in an indexed and tabbed format. In making our filing, we relied on the procedures set forth in item 8 of the MFRs, which allowed us to file the Consumer Advocate's electronic copies of the MFRs with the Commission for forwarding by the Commission to the Consumer Advocate. Hopefully, you have received those by now but let me know if that is not the case. We are also happy to provide those files for you separately in electronic, and where applicable, native format. Please let me know who we should coordinate with at the Consumer Advocate in order to coordinate the transfer of these files.

Impact of Atlantic Coast Pipeline on Rate Case Filing

In your letter, you cite the notice of cancellation of the Atlantic Coast Pipeline Project (“ACP” or the “Project”) on July 5, 2020 (3 days after Piedmont’s rate case filing) and make several assertions of fact regarding that cancellation which are incorrect.

First, you indicate a belief that Piedmont knew or should have known about the Project’s pending cancellation at the time it made its rate case filing on July 2, 2020. This is not true. Piedmont’s relationship with ACP was solely as a prospective customer who had subscribed to capacity on the pipeline project. The minority ownership interest in ACP held by Duke Energy Corporation, Piedmont’s holding company parent, was held in an entirely separate corporate entity and was managed completely independently from Piedmont. Piedmont neither participated in nor was kept apprised about the status of management of that Project by its owners. Piedmont found out about the decision to cancel the project on July 5, 2020 (along with the rest of the world) and no discussion or notice that such a cancellation was imminent was provided to or known by Piedmont prior to that date.

Second, you suggest that Piedmont should resubmit or supplement its rate case filing to address the cancellation of the ACP project in order to take into account its effects on Piedmont’s rate case filing. We disagree, primarily because the cancellation of the ACP project has no impact on the matters contained in or raised by Piedmont’s general rate case filing. As was noted above, Piedmont no longer has any ownership interest in ACP. That interest was transferred to a separate Duke Energy subsidiary following completion of the merger with Duke Energy in 2016. As such, any writedown associated with cancellation of the Project will be taken at the holding company level and neither Piedmont’s balance sheet nor its income statements will be impacted. Piedmont is still considering what the impact of the Project’s cancellation will be to its operations but anticipates that it will primarily involve the need to acquire additional gas supplies to serve its North and South Carolina customers and potentially a future increase in the expansion of its North Carolina transmission facilities in order to provide expanded service to the eastern part of North Carolina. Neither of these impacts will affect Tennessee customers.

I hope this letter addresses any concerns of the Consumer Advocate with Piedmont’s filing. We look forward to working with the Consumer Advocate as this case progresses.

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

Very truly yours,



Paul S. Davidson

PSD:cdg



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