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February 22, 2023

**Via Electronic Filing & U.S. Mail**

Chairman Herbert Hilliard  
c/o Ectory Lawless  
Tennessee Public Utility Commission  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

Electronically Filed in TPUC Docket Room  
on February 22, 2023 at 12:53 p.m.

**Re: Petition of Piedmont Natural Gas Company, Inc. To Offer The Voluntary GreenEdge Program And For The Commission To Issue An Accounting Order Authorizing The Company To Maintain A Deferred Account For Recording Associated Costs And Revenues; Docket No.: 22-00130**

Chairman Hilliard:

Enclosed are Piedmont Natural Gas Company, Inc.'s responses to the Consumer Advocate Division of the Office of the Attorney General's First Set of Informal Discovery Requests, dated February 6, 2023, in the above-referenced docket.

This material is also being filed today by way of email with the Tennessee Public Utility Commission docket manager, Ectory Lawless. Please file the original of each and provide us with a "filed" stamped copy of each via our office courier.

Very truly yours,

Paul S. Davidson

Enclosures

cc: Pia Powers  
Eddie Davidson  
Michelle Mairs  
Alex Bradley  
Daniel Whitaker  
James Jeffries  
Brian Franklin  
Mason Maney

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**DOCKET NO. 22-00130**  
**Consumer Advocate's First Set of Informal Discovery Requests**  
**Date Issued: February 6, 2023**  
**Date Due: February 21, 2023**

1-1. Explanation. Refer to the testimony of Keith Goley, p. 3, lines 8 – 14.1 Has the Company expanded the capability of its billing system to display information to customers within the past calendar year? If so, provide a discussion of that enhanced capability of the system to provide additional information to consumers.

**RESPONSE:** No, there have been no changes to the core capabilities of Piedmont's legacy billing system within the past calendar year. The core capabilities pertain to the billing of regulated natural gas service provided by Piedmont to its customers, referring herein to metered natural gas usage by the customer which is billed by Piedmont to the customer at the Commission-approved charges and rates per therm, or the components thereof.

**Name and title of responsible person:** Pia Powers, Managing Director - Gas Rates & Regulatory

**Name and title of preparer:** Keith Goley, Senior Rates & Regulatory Strategy Analyst

Response provided by Piedmont Natural Gas Company, Inc. on February 21, 2023.

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1-2. Explanation and Identification. Refer to the testimony of Keith Goley, p. 4, lines 15-18.2 How will participating customers "claim or otherwise utilize" the carbon emission reductions generated by the Environmental Attributes ("EAs") purchased under the program? Identify any tangible benefits that will accrue to participating customers from this program.

**RESPONSE:** Please see the Company's response to CAD DR 1-6, which explains the meaning of retirement of the EAs, and which is also discussed in the referenced lines of Piedmont witness Goley's direct filed testimony. The tangible benefit that customers will derive from each EA purchased pursuant to their participation in the Program is reduction to the carbon footprint of their own natural gas usage.

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1-3. Explanation and Identification. Will the Company earn any tax credits or other tangible benefits from the acquisition of the EAs? If so, identify these benefits.

**RESPONSE:** No, the Company will not earn any tax credits or other tangible benefits from the acquisition of the EAs.

**Name and title of responsible person:** Anna Clark, Manager - Strategic Programs

**Name and title of preparer:** Greg Simmons, Senior Product & Services Manager

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1-4. Source and Support. Provide evidence supporting the claim that 12.5 therms per block of EA's February be acquired at the cost of \$3/month. This response should be divided between the two types of EAs identified in the testimony, renewable natural gas and forestation projects.<sup>3</sup>

**RESPONSE:** See the CONFIDENTIAL attachment provided herewith for cost support. Note that the proposed \$3.00 cost per block, per month is designed to cover all program costs, which include the supply costs for the purchased EAs and the operating costs for the Program.

**Name and title of responsible person:** Anna Clark, Manager - Strategic Programs

**Name and title of preparer:** Greg Simmons, Senior Product & Services Manager

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1-5. Reference and Support. Refer to the testimony of Keith Goley, p. 4, lines 6-11.4 Provide a copy of any contracts Piedmont in North Carolina entered to acquire EAs.

**RESPONSE:** Please see the CONFIDENTIAL attachment herein. Also, note that while block sizing and pricing are similar between the Company's Program for NC and its planned Program for Tennessee, the actual mix of Environmental Attributes by type may vary from jurisdiction to jurisdiction.

**Name and title of responsible person:** Anna Clark, Manager - Strategic Programs

**Name and title of preparer:** Greg Simmons, Senior Product & Services Manager

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1-6. Reference and Explanation. Refer to the Company's Petition, p. 3, ¶ 6 and the proposed Service Schedule 319, p. 1.5 What is meant by the references in the statements that the Company will "retire" EAs and to EAs "retired" by the Company?

**RESPONSE:** Retiring an EA means that it is taken off the market forever, never to be able to be utilized again for transactional purposes. In other words, retiring the EA means it has been purchased, and its use shall remain as a reduction of the purchaser's carbon footprint. Accordingly, the EAs purchased by the Company on behalf of the GreenEdge Program participating customers will not be carried on the Company's balance sheet.

**Name and title of responsible person:** Anna Clark, Manager - Strategic Programs; and Pia Powers, Managing Director - Gas Rates & Regulatory

**Name and title of preparer:** Greg Simmons, Senior Product & Services Manager; and Keith Goley, Senior Rates & Regulatory Strategy Analyst

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1-7. Refer Identification and Support. Provide the number of North Carolina customers who entered the program compared to the total number of eligible customers. Further, identify the date the North Carolina Utilities Commission approved the corresponding North Carolina program.

**RESPONSE:** At the end of 2022, there were 1,990 residential and 8 small general service customers enrolled in Piedmont's GreenEdge Program in North Carolina.

All Piedmont customers in North Carolina receiving service under Rate Schedule No. 101 (Residential) and Rate Schedule No. 102 (Small General) are eligible to participate in the North Carolina GreenEdge program. In December of 2022, there were approximately 723,000 Piedmont customers receiving service from Piedmont under Rate Schedule No. 101 and 73,000 customers receiving service under Rate Schedule No. 102.

The North Carolina Utilities Commission approved the program on March 30, 2022.

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1-8. Explanation. Moving forward, is it the Company's intent to modify the price of the block to equate to the EA equivalent of 12.5 therms per block? Or is it the Company's intent to hold the \$3.00 charge constant with the understanding that the EA equivalent would be different from year to year?

**RESPONSE:** The Company proposes that the rate for each 12.5 therm equivalent block per month under this Rider be set at \$3.00. The Company will monitor the cost of operating the GreenEdge Program in Tennessee over time and may, at some point in the future, propose a prospective change to the per block rate for this Rider subject to Commission approval. In summary, the main drivers for any such future request by the Company to change the per block rate would be: 1) an anticipated material change in GreenEdge Program costs, including EA supply costs, and/or 2) an anticipated material change in customer participation in the GreenEdge Program. Nevertheless, the Company does not currently foresee a future need to seek modification of the per block rate from the current proposed \$3.00 rate.

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1-9. Explanation. Provide a comprehensive explanation of how the Company will inform customers of the new Green Edge program.

**RESPONSE:** Piedmont intends to inform its eligible customers of the GreenEdge Program via methods including email, direct mail, outbound telemarketing, digital marketing (including paid and social media), and through the Company's main website. The Company will initiate this customer communication following Commission approval of the Company's request in this docket.

**Name and title of responsible person:** Pia Powers, Managing Director - Gas Rates & Regulatory

**Name and title of preparer:** Keith Goley, Senior Rates & Regulatory Strategy Analyst

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1-10. Explanation. Provide a comprehensive explanation of the types of costs that will be deferred with respect to the Green Edge program. Will the Company have a fully dedicated employee to manage the Green Edge program across its three divisions?

**RESPONSE:** Costs associated with the GreenEdge Program would consist of the following four major types of expenses:

- (1) Energy Attribute Supply Expense: costs associated with the purchase of environmental attributes on behalf of participating customers.
- (2) Third Party Direct Sales Expense: costs associated with third-party vendor outbound calling to enroll customers in the GreenEdge Program.
- (3) Compliance Expense: costs that are associated with the operation of a compliance program for the GreenEdge Program in Tennessee, including the ongoing certifications required to ensure the integrity of the EAs procured for the GreenEdge Program.
- (4) Internal Marketing and Administration Expense: costs of internal marketing not associated with outbound calling (e.g., direct email, direct mail, web-based marketing, and events) and allocated administrative and staff expenses from staff members that support accounting and supply functions.

Personnel have been dedicated to managing Piedmont's GreenEdge Program in North Carolina. Such personnel will also take responsibility for managing Piedmont's GreenEdge Program in Tennessee upon approval of the Company's request in this docket. Likewise, such personnel will also take responsibility for managing Piedmont's GreenEdge Program in South Carolina upon approval of the Company's request in a similar pending docket in that state. The employee's time is incremental labor from a ratemaking perspective, meaning that it is labor not otherwise being recovered in the Company's current approved base rates in any of these states. Accordingly, the Company shall record to the GreenEdge Program deferred Account for Tennessee the employee's time related to the management of the GreenEdge Program for Tennessee, as a type of administration expense.

**Name and title of responsible person:** Anna Clark, Manager - Strategic Programs; and Pia Powers, Managing Director - Gas Rates & Regulatory

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1-11. Refer Explanation and Support. Provide an estimate of expenses incurred in the first year of operation of the Green Edge program. How will such costs be amortized in the future?

**RESPONSE:** The information below reflects an estimate of the expenses to be incurred in the first year of the Company's operation of the Program in Tennessee:

- Energy Attribute Supply Expense: \$31,000
- Third Party Direct Sales Expense: \$131,000
- Compliance Expense: \$10,000
- Internal Marketing & Administration Expense: \$169,000
- Total Estimated Year 1 Program Expenses: \$341,000

The Company is not proposing any amortization of the costs GreenEdge Program costs to Operating Expense. Rather, the Company proposes to record as a debit to its GreenEdge Program Deferred Account, all costs for the operations of this Program in Tennessee. Furthermore, the Company proposes to record as a credit to its GreenEdge Program Deferred Account all revenues associated with operating this Program in Tennessee.

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