

Holland & Knight

Nashville City Center | 511 Union Street, Suite 2700 | Nashville, TN 37219 | T 615.244.6380 | F 615.244.6804
Holland & Knight LLP | www.hklaw.com

Paul S. Davidson
+1 615-850-8942
Paul.Davidson@hklaw.com

Electronically Filed in TPUC Docket
Room on July 17, 2023 at 10:06 a.m.

July 17, 2023

VIA ELECTRONIC MAIL

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

**Re: Petition of Piedmont Natural Gas Company, Inc. For Approval of its 2023 Annual
Review of Rates Mechanism Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)
Docket No. 23-00035**

Dear Chairman Jones:

Pursuant to the Joint Procedural Schedule, enclosed for filing please find Piedmont Natural Gas Company, Inc.'s ("Piedmont") responses to the Consumer Advocate Division's *Second Discovery Request* in the above-referenced docket. In addition to the tabbed and bound copy of the responses, you will find 1 flash drive which contains all public responses and attachments in native format. The confidential responses and attachments are on a separate flash drive to be filed under seal.

Some of the materials provided are confidential and proprietary trade secrets of Piedmont. Therefore, Piedmont respectfully requests that the Tennessee Public Utility Commission treat those materials in a manner consistent with that designation.

A PDF of the public responses is also being filed today by way of email to the Tennessee Public Utility Commission docket manager, Ectory Lawless. Please file the original and provide a "filed" stamped copy of the same via our office courier.

If you have any questions regarding these responses, you may reach me at the number shown above.

David Jones, Chairman
July 17, 2023
Page 2

Sincerely,



Paul S. Davidson

PSD:jv
Enclosures

cc: Pia Powers
Brian Heslin
James H. Jeffries IV
Brian Franklin
Kelly Cashman-Grams
Michelle Mairs
David Foster
Karen Stachowski
Victoria Glover

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

- 2-1. Source & Support and Identification. Refer to the Company's Response to Consumer Advocate DR No. 1-2 and respond to the following:
- a. Provide a full description of the nature of the non-utility assets identified in this response;
 - b. Identify any i) operating and maintenance (O&M) costs associated and ii) ad-valorem taxes associated with these assets and identify where such costs are recorded; and
 - c. If no specific O&M or ad-valorem taxes are identified with these assets, explain why such costs are not identifiable.

RESPONSE:

- a. Please see the attachment provided herewith.
- b. i) Piedmont cannot provide the O&M costs associated with the specific assets shown in CAD DR No. 1-2. For three of the assets, the detailed information is not available in the fixed asset system. These assets were fully depreciated in 2018 at the time of Piedmont's conversion to the Duke Energy system. For the remaining two assets, any associated O&M recorded cannot be identified at the specific equipment asset level.

ii) The Company's property tax return includes an adjustment to remove non-utility property assets. Therefore, these assets are excluded from taxation.
- c. See the Company's response to CAD DR 2-1b(i) and (ii) above.

Name and title of responsible person:

- a. Denise Lepisto, Manager - Accounting
- b. Scott Stewart, Tax Forecasting & Indirect Tax Director, Denise Lepisto, Manager - Accounting I, and Linda Miller, Director – Gas & Other Accounting
- c. Scott Stewart, Tax Forecasting & Indirect Tax Director, Denise Lepisto, Manager - Accounting I, and Linda Miller, Director – Gas & Other Accounting

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

Name and title of preparer:

- a. Kate Carter, Senior Financial Analyst
- b. Scott Stewart, Tax Forecasting & Indirect Tax Director, Denise Lepisto, Manager - Accounting I, and Erin Kelley, Manager - Accounting II
- c. Scott Stewart, Tax Forecasting & Indirect Tax Director, Denise Lepisto, Manager - Accounting I, and Erin Kelley, Manager - Accounting II

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-1a Attachment

Attachment Provided on USB

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-2. Source & Support. Refer to the Company's Response to Consumer Advocate DR No. 1-12, specifically <1-12 Attachment>. Provide a reconciliation of the 2022 Benefit cost of \$40,069,751 by benefit type.

RESPONSE: Please see the attachment provided herewith.

Name and title of responsible person: David Dye, Manager - Accounting II

Name and title of preparer: Sharon Farris, Lead Accounting Analyst

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-2 Attachment

Attachment Provided on USB

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

- 2-3. Source & Support. Refer to the Company's Response to Consumer Advocate DR No. 1-17 and respond to the following:
- a. Provide a breakdown of the FY capital budget for Residential and Commercial additions, split into the asset categories contained in response to Consumer Advocate DR No. 1-17, Mains, Services, Meters and any other components included in this estimate.

RESPONSE:

TN Direct Residential and Commercial Additions:

TN Direct New Mains \$19,078,971

TN Direct New Meter Install \$2,338,142

TN Direct New Services \$33,648,011

TN Direct Total: \$55,065,124

TN Allocation of 3-State Residential and Commercial Additions:

TN allocation of 3-State Meter Purchase \$2,025,804

Grand Total: \$57,090,928

Name and title of responsible person: John Robson, Director - Gas Distribution Finance

Name and title of preparer: John Robson, Director - Gas Distribution Finance

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-4. Source & Support and Explanation. Refer to the Company's Response to Consumer Advocate DR No. 1-45(a). Specifically refer to <1-45 Attachment a-c>, the "0923.000" tab. Respond to the following:

- a. For each of the general ledger items contained within the attachment provide an explanation of the nature of the cost item and how it is necessary in the provision of utility service; and
- b. Provide a copy of the invoice supporting the charge.

RESPONSE: Please see the (19) **CONFIDENTIAL** attachments provided herewith. For a description of the charges selected and references to all the supporting attachments, please see **CONFIDENTIAL** 2-4 Attachment 19 of 19.

Name and title of responsible person: Kally Couzens, Manager - Rates & Regulatory Strategy

Name and title of preparer: Misty Roddey, Rates & Regulatory Strategy Analyst - Interim Assignment

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-4 Attachments 1 through 19

Confidential Attachments Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-5. Explanation. Refer to the Company's Response to Consumer Advocate DR No. 1-45(a). Specifically refer to <1-45 Attachment a-c>, the "0921.200" tab. Provide a comprehensive explanation of the service provided associated with each identified transaction.

RESPONSE: Please see the attachment provided herewith.

Name and title of responsible person: Kally Couzens, Manager - Rates & Regulatory Strategy

Name and title of preparer: Misty Roddey, Rates & Regulatory Strategy Analyst - Interim Assignment

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-5 Attachment

Attachment Provided on USB

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-6 Response

Confidential Response Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-7 Response

Confidential Response Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-7a and 2-7b Attachments

Attachments Provided on USB

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-8. Source & Support. Provide a copy of the monthly expense reports for the (a) State Government Affairs Director, and (b) Director State Government Affairs, that align with expenses recorded in Piedmont's 2022's Income Statement.

RESPONSE: Both of the job descriptions for this data request, State Government Affairs Director and Director State Government Affairs, apply to one employee that had a job title change. Please see the **CONFIDENTIAL** attachment provided herewith for the monthly expense reports for that employee.

Name and title of responsible person: Kally Couzens, Manager - Rates and Regulatory Strategy

Name and title of preparer: Jenny Furr, Rates and Regulatory Strategy Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-8 Attachment

Confidential Attachment Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-9 Response

Confidential Response Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-9 Attachment 1 of 2

Attachment Provided on USB

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-9 Attachment 2 of 2

Confidential Attachment Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-10 Response

Confidential Response Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-10a Attachment

Attachment Provided on USB

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-10b Attachment

Confidential Attachment Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-11 Response

Confidential Response Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-12. Explanation. Provide a comprehensive discussion of the jurisdictional assignment of Holiday and Vacation pay for those employees whose regular time costs are direct charged to a specific jurisdiction.

RESPONSE: Holiday pay and Vacation pay are two types of labor costs the Company includes within the broader category of “Unproductive Labor Costs”. An Unproductive Labor Cost allocation is applied to each employees’ Productive Labor Cost charge. Specifically, the company allocates Unproductive Labor Costs pro rata to Productive Labor Cost, either via a monthly ratio or standard rates developed by each business area.

Name and title of responsible person: David Dye, Manager - Accounting II

Name and title of preparer: Sharon Farris, Lead Accounting Analyst

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

- 2-13. Source & Support, Identification, and Explanation. Refer to Consumer Advocate's DR No. 1-65, <Attachment 1-65> and respond to the following:
- a. Identify the number of round trips taken by Piedmont employees on corporate owned aircraft in the historic base period;
 - b. Identify the number of round trips taken by Piedmont employees on commercial flights in the historic base period;
 - c. Identify the make and model of each owned aircraft, along with the passenger capacity;
 - d. Provide a copy of the corporate policies in place which govern the use of the corporate aircraft; and
 - e. Certain costs contained in response to Consumer Advocate DR No. 1-65 are identified as Utility Patrol Costs. Are these costs related to visual pipeline inspections of transmission pipelines? If not provide an explanation of the nature of these costs.

RESPONSE:

- a. Please see the attachment provided herewith. The flights highlighted in yellow in the flight log include Piedmont employees.
- b. 537
- c. Please see the attachment provided herewith.
- d. **Statement of Purpose and Philosophy:**

Corporate Aviation is designed to maximize the productivity, safety and security of the executive team and the Board of Directors in support and execution of Duke Energy's strategy and core business. This Corporate Aviation policy ("Policy") describes the general processes, expectations and authority for use of Duke Energy aircraft. The Chair, President & CEO and Senior Management Committee members (Authorizers) may request and

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

approve the use of corporate aircraft in accordance with this Policy and should familiarize themselves with the guidance and expectations outlined herein. In addition, the following individuals have authority for use of the corporate helicopter to travel to nuclear sites only: the Chief Nuclear Officer, the SVP Nuclear Corporate, the SVP Nuclear Operations N.C., and the SVP Nuclear Operations S.C. When questions or interpretations of this Policy are warranted, the Managing Director of Aviation or the Senior Vice President Administrative Services should be contacted.

Corporate Aviation - General Use Expectations:

Corporate Aviation, including owned, leased, chartered and fractional aircraft, is the preferred form of domestic and international air travel for the Chair, President and CEO (CEO). Aviation studies will be conducted periodically to gauge continued merit.

As much as reasonably possible, flights involving deadhead legs should be avoided. Flights involving deadhead legs must be approved by the EVP, Chief Legal Officer and Corporate Secretary or the SVP, Administrative Services.

Flights to 'special use' airports, defined in part as those which have unusual airspace or security requirements, should be approved by the EVP, Chief Legal Officer and Corporate Secretary. A list of such airports is available through Corporate Aviation.

SMC personal use travel on the corporate aircraft requires advance approval of the CEO. Any such approved personal use of the corporate aircraft will be in accordance with the procedures herein.

Roles and Responsibilities

- **Policy Development & Reporting:** The Managing Director of Aviation Services and the Senior Vice President Administrative Services are accountable for the development, oversight and communication of this Policy. Reports will be provided as needed and authorized by the Senior Vice President Administrative Services through his/her management chain to the CEO.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

- **Safety & Compliance:** The Managing Director of Aviation Services is responsible for ensuring that Corporate Aviation provides technical reviews and safety assessments of business travel on Duke Energy aircraft as well as private, non-Duke Energy aircraft directed for executive use by Corporate Aviation.
- **Executive Spacing Protocol:** The Corporate Aviation team is responsible for following the Executive Spacing Protocol as approved by the Corporate Governance Committee of the Duke Energy Corporation Board.

Priority Use Guidelines

- Priority use and scheduling will always be given to the CEO and Board of Directors. Secondary priority will be given to SMC members.

General Use Guidelines

- Due to the confidential nature of travel by the Authorizers, Corporate Aviation will not provide travel information to other executives, or their representatives, relating to travel by others. Corporate Aviation remains committed to optimizing the use of corporate aircraft whenever possible.
- The CEO has blanket dispatch approval authority for the Board, employees and non-employees.
- Authorizers have dispatch approval authority for (i) themselves, for (ii) employees in their respective organizations, and (iii) persons employed by a non-Duke Energy organization working on matters in support of Duke Energy's interests (e.g., economic development).
- When an Authorizer cancels his/her travel plans, and employees or non-employees were scheduled to accompany the Authorizer, the trip must be reapproved unless the manifest contains another Authorizer.
- When the original requester (non-Authorizer) cancels his/her travel plans, the trip must be reapproved, assuming an Authorizer is not on the manifest.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

- The Authorizer shall not delegate dispatch approval authority.
- The Managing Director Aviation Services has authority to approve positioning flights in response to aircraft maintenance events.
- SMC members may utilize Corporate Aviation for purely personal travel with prior approval of the CEO. Appropriate legal documents (e.g., time share agreements) must be executed prior to purely personal trips. Ride along personal travel (e.g., spouse accompanying an Authorizer on business), should be an infrequent occurrence.
- Duke Energy aircraft will not be used to transport publicly elected officials or their staffs.
- Duke Energy aircraft should not be used to transport non-profit organization staff or guests, absent advance approval by the Senior Vice President Administrative Services. The only pre-approved non- profit use of the aircraft is the Corporate Angel Network. The Senior Vice President Administrative Services may approve other non-profit support which is consistent with the mission of Duke Energy.

Personal Use Guidelines

- When a request for use of the corporate aircraft is made to Aviation, Aviation will gather the following information so that a determination can be made about whether the travel is personal, and if so, whether it results in incremental cost to the company:
 - Purpose of trip
 - List of passengers
 - Whether any passengers are flying for non-business purpose
 - If any passengers or purpose are non-business, Aviation will confirm appropriate approval has been obtained.
 - Flight time of the trip

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

- Flight miles of the trip
 - Whether 50% of the seats will be occupied for business
- Non-business passengers (e.g. spouse, dependent) accompanying an employee on a business flight are considered “ride along” passengers and their trip shall not result in incremental cost to Duke Energy. The seat cost of that passenger will, however, result in imputed income to the employee unless the 50% rule has been met, which means that 50% of the plane’s passengers are aboard to conduct company business. If the 50% rule is met, there is no imputed income to the employee. Pilots do not factor into the count as to the 50% rule.
- Use of corporate aviation for purely personal purposes (e.g. vacation, entertainment events, non-business sporting events) resulting in incremental cost to the company must be paid for by the applicable employee. The executive will reimburse the company for incremental costs as outlined in their respective timeshare agreement. Positioning legs associated with personal travel are considered incremental. Aviation will ensure appropriate approval has been obtained, will document the nature of the trip and provide estimates to the executive, prior to the trip.
- From time to time, business trips may have a personal diversion. Although such diversion may be unavoidable or an emergency, these procedures for approved personal use of the aircraft will still apply and the executive will be subject to personal travel incremental costs rules.
- Aviation will provide a personal flight activity summary to executives on a quarterly basis which will include “ride along” imputed income (based on current published Standard Industry Fare Level (SIFL) rates), and timeshare costs. Timeshare costs will be settled by direct reimbursement from the travelling executive to Duke Energy upon receipt of the quarterly statement.
- Aviation will submit a quarterly report of personal trips, including “ride along” trips, to the Legal Department. The report will include Aviation’s determination of

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

whether each trip is personal and the amount of its incremental cost, if any, to the company. All other departments (e.g., HR, Tax) will receive an annual report.

- Based on the quarterly report, the following action items should be taken:
 - Personal trips resulting in incremental cost to the company will be costed and charged to the applicable employee.
 - Personal trips not resulting in incremental cost to the company will be flagged for imputed income purposes. Imputed income is calculated from November 1 through October 31 and will be charged on the December paycheck.
 - At the end of the year, a tax deduction disallowance calculation will be done, and a personal use of the corporate aircraft perquisite may need to be reported in the proxy for Named Executive Officers.
- e. Yes, costs identified as “Utility Patrol Costs” are those costs associated with a quarterly inspection of our naturally gas infrastructure. This inspection includes a visual component of the right of way for condition and hazards, as well as a digital inspection, using a gas "sniffer" to analyze the air for any leaks along the system.

Name and title of responsible person:

- a. Kally Couzens, Manager - Rates & Regulatory Strategy
- b. Pam Boies, Director - Administrative Support Services
- c. Kally Couzens, Manager - Rates & Regulatory Strategy
- d. Jansen Walker, Aircraft Operations Specialist
- e. Jansen Walker, Aircraft Operations Specialist

Name and title of preparer:

- a. Keith Goley, Senior Rates & Regulatory Strategy Analyst

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

- b. Denada Spivey, Travel Specialist and Doug Templeton, Rates & Regulatory Strategy Analyst
- c. Keith Goley, Senior Rates & Regulatory Strategy Analyst
- d. Jansen Walker, Aircraft Operations Specialist
- e. Jansen Walker, Aircraft Operations Specialist

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-13a and 2-13c Attachments

Attachments Provided on USB

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

- 2-14. Identification & Explanation. Refer to the Company's Response to Consumer Advocate DR No. 1-53, <Attachment 1-53> and respond to the following:
- a. Indicate whether the 'Balance' referenced in column F refers to the original cost of the asset or the net book value of the asset;
 - b. If 'Balance' refers to the original cost of the asset, identify the Accumulated Depreciation for each listed vehicle;
 - c. Identify the depreciation rate associated with each asset;
 - d. Identify the property taxes associated with each asset, or if that information is not readily available provide the property tax costs for the whole asset class;
 - e. Confirm that the states listed within this attachment reflect where the asset is physically based;
 - f. Explain how these assets benefit Tennessee natural gas distribution operations; and
 - g. Explain why these assets are not directly assigned based upon where the asset is physically located and used.

RESPONSE:

- a. The balance referenced in column F of the attachment provided in the Company's response to CAD DR 1-53 refers to the original cost of the asset.
- b. The Company does not individually depreciate vehicles. Group depreciation is used; therefore, accumulated depreciation for each individual vehicle is not available. See the attachment provided herewith for the total book cost of the assets by utility account, total accumulated reserve for each utility account and depreciation rates.
- c. Please see the attachment provided herewith.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

- d. Tennessee Public Utility Property Tax is centrally assessed by the state on a "unit" basis. That is, all of Piedmont's jurisdictional assets are assessed at a total "unit" value and then a portion of those assets, those assets deemed to be Tennessee assets, are taxed at the tax rate determined by the state. Therefore, it is appropriate that the assets reflected in the Company's response to CAD DR 1-53 are included in the total "unit" value and then the state assessment factors in the portion of the assets attributable to Tennessee. There is no allocation of property tax to any individual asset included in the centrally assessed public utility assets.
- e. The locations provided in the Company's response to CAD DR 1-53 accurately reflect the physical location.
- f. These assets were recorded to the three-state business unit and are used to support gas operations. The Company is transferring the assets to the appropriate business unit(s) based on physical location as soon as possible.
- g. The original work orders were established on the three-state business unit; therefore, the assets are recorded to the three-state business unit. Upon review, the asset locations are identified by specific states. The Company is transferring the assets to the appropriate business unit(s) based on physical location as soon as possible.

Name and title of responsible person:

- a. through c. Denise Lepisto, Manager - Accounting
- d. Scott Stewart, Tax Forecasting & Indirect Tax Director
- e. through g. Denise Lepisto, Manager - Accounting

Name and title of preparer:

- a. through c. Kate Carter, Senior Financial Analyst
- d. Scott Stewart, Tax Forecasting & Indirect Tax Director
- e. through g. Kate Carter, Senior Financial Analyst

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-14b-c Attachment

Attachment Provided on USB

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-15. Identification. What is Piedmont's work from home policy for employees physically stationed in Charlotte, North Carolina? To the extent work from home is permitted, identify any O&M corporate cost savings that have been captured resulting from this policy.

RESPONSE: Piedmont does not have a "Work from Home" policy. The larger enterprise leveraged the experience and learning from having a large percentage of its employee and contingent worker population working remotely for an extended period of time during the COVID-19 pandemic, and subsequently defined a post-pandemic workplace strategy known as "WorkSmart" that identified mobility classifications to every teammate in the enterprise workforce. The mobility classifications are as follows:

- Field: move freely in the service territories providing energy and delivering service to our customers while infrequently touching base in an office setting;
- Onsite: dedicated to work in an office setting and are assigned a workstation;
- Virtual: work from a remote location most of the time, and
- Hybrid: alternate between remote and office settings where shared space is reserved, as needed.

Cost savings associated with WorkSmart are not readily identifiable, yet are nevertheless embedded in the Company's actual Historic Base Period results and accordingly reflected in the cost of service presented in this proceeding.

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

Name and title of preparer: Pia Powers, Managing Director - Gas Rates & Regulatory

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-16 Response

Confidential Response Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-16a Attachment
&
2-16b Attachments 1 through 3

Attachments Provided on USB

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-17 Response

Confidential Response Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-17a-b [TN ARM Filing Assets] Attachments

Attachments Provided on USB

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-17a-b and 2-17d Attachments

Confidential Attachments Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-18. Explanation and Identification. Refer to the Company's Response to Consumer Advocate DR No. 1-57. Does the capitalized labor reflected in this include any labor charges from Piedmont's Charlotte, North Carolina based employees? Identify the capitalized labor from Charlotte, North Carolina based employees charged to Piedmont's Tennessee work in progress in 2022.

RESPONSE: The capitalized labor amount shown in the Company's response to CAD DR 1-57 was recorded to the Company's general ledger consistent with the longstanding capitalization accounting guidelines. Capitalized labor includes the pay and expenses of employees engaged on construction work, regardless of an employee's deemed primary work location.

The capitalized amounts shown in the Company's response to CAD DR 1-57 included labor from certain employees whose primary work location is Charlotte, NC. Nevertheless, the majority of the capitalized was from Tennessee based employees.

Name and title of responsible person: Kally Couzens, Manager - Rates & Regulatory Strategy

Name and title of preparer: Misty Roddey, Rates & Regulatory Strategy Analyst - Interim Assignment

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-19 Response and 2-19 Attachments 1 and 2

Confidential Response and Attachments Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-20 Response

Confidential Response Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-21. Explanation. Refer to the confidential attachment provided in the response to Consumer Advocate DR No. 1-48, <1-48 Attachment>. Specifically refer to the “3 State Explanation” tab, row 26 identified as “Severance”. Explain the nature of this accrued cost for December 2022 and provide the justification for its inclusion in the Historic Base Period results.

RESPONSE: As reported in the 12/31/2022 10K, in 2022, Duke Energy identified opportunities to eliminate work and create sustainable savings through a workload reduction initiative (WRI) with a focus on process improvement through digital technology, governance simplification and elimination of low-value work. As a result, Duke Energy extended involuntary severance benefits to certain employees in specific areas as a part of this initiative. The Piedmont severance accrued in 2022 was for three employees identified in 2022 for termination with severance benefits under WRI due to position eliminations. All three employees were terminated in late 2022. The savings from a reduced workforce benefits customers. The severance related to workforce reductions is a normal expense associated with managing a large workforce as are other facets of compensation such as salaries and benefits.

Name and title of responsible person: David Dye, Manager - Accounting II

Name and title of preparer: Patti Doster, Lead Accounting Analyst

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-22 Response

Confidential Response Filed Under Seal

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-23. Identification. Refer the testimony of Kally Couzens filed along with the Company's Petition, specifically pages 11-13. Refer also to the testimony of Keith Goley filed along with the Company's Petition, specifically pages 6-7. Ms. Couzens identifies the various warranty plans offered by the Company. Identify the number of subscribers for each plan type referenced in this list along with the associated pricing for each by month during 2022 such that the total reconciles with the proforma level of revenue of \$2,238,287 referenced in Mr. Goley's testimony.

RESPONSE: The \$2,238,287 includes the monthly billing for subscribers to the programs for \$1,854,315 and for \$383,972 of claim work performed and charged to the program. When Piedmont partnered with HomeServe, the plan counts were not actively maintained. Plans that were converted from HomeServe to Piedmont HPP, retained the HomeServe Price until they reached their anniversary date. At the anniversary date, there was a price change to reflect the current HPP prices. Therefore, there is a variance between the Revenue presented in Schedule 52.P.2 and what would be calculated by utilizing the plan price and number of subscribers approach noted. Please see the attachment provided herewith.

Name and title of responsible person: Kyle Watford, Manager - Sales Operations, Products & Services

Name and title of preparer: Kyle Watford, Manager - Sales Operations, Products & Services

Response provided by Piedmont Natural Gas Company, Inc. on July 12, 2023.

PIEDMONT NATURAL GAS COMPANY, INC.
DOCKET NO. 23-00035
CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
Date Issued: June 28, 2023
Date Due: July 12, 2023

2-23 Attachment

Attachment Provided on USB