

Public Version

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:)	
)	
PETITION OF PIEDMONT NATURAL)	
GAS COMPANY, INC. FOR APPROVAL)	DOCKET NO. 24-00036
OF ITS 2024 ANNUAL REVIEW OF)	
RATES MECHANISM PURSUANT TO)	
TENN. CODE ANN. §65-5-103(d)(6))	

CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS
TO PIEDMONT NATURAL GAS COMPANY, INC.

This Second Set of Discovery Requests is hereby served upon Piedmont Natural Gas Company, Inc. ("Piedmont" or the "Company"), pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Advocate Division of the Office of the Attorney General ("Consumer Advocate") requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate Division, John Sevier Building, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o Victoria B. Glover on or before Friday, July 16, 2024, at 2:00 p.m. CST.

PRELIMINARY MATTERS AND DEFINITIONS

This Second Set of Discovery Requests incorporate by reference the same Preliminary Matters and Definitions as set forth in the Consumer Advocate's First Discovery Request to Piedmont Natural Gas Company, Inc. sent to the Company on June 5, 2024, are to be considered continuing in nature, and are to be supplemented from time to time as information is received by the Company which would make a prior response inaccurate, incomplete, or incorrect.

SECOND SET OF DISCOVERY REQUESTS

2-1. Incentive Compensation. Refer to the <Schedule 31 Short Term Incentive Comp Adj> spreadsheet, "Schedule 31.1" tab, that was provided with the Company's filing. Specifically refer to Columns AA, AF and AG of this spreadsheet which contain the "Monetary Amounts", "TN %", and "TN Amount" fields that total to \$1,036,952 in Tennessee Short-Term Incentive Compensation Expense. The Consumer Advocate needs to confirm that the amounts included on this spreadsheet are complete and correct. Provide a reconciliation of the amounts included here with the amounts included on the Company's trial balance.

REPSONSE:

2-2. Incentive Compensation. Refer to the <Schedule 32 Long Term Incentive Comp Adj> spreadsheet, "Schedule 32.1" tab, that was provided with the Company's filing. Specifically refer to Columns AA, AF and AG of this spreadsheet which contain the "Monetary Amounts", "TN %", and "TN Amount" fields that total to \$779,846 in Tennessee Long-Term Incentive Compensation Expense. The Consumer Advocate needs to confirm that the amounts included on this spreadsheet are complete and correct. Provide a reconciliation of the amounts included here with the amounts included on the Company's trial balance.

RESPONSE:

2-3. Allocated Return on DEBS Assets. Refer to the <Schedule 35 Expense for Allocated Return on DEBS Assets> spreadsheet, "Schedule 35.1" tab, that was provided with the Company's filing and provide the following information:

- a. Provide the source and support for the monthly DEBS Inventory Balances, DEBS Pension Balances, and DEBS PPE Balances included in Column C of this spreadsheet;
- b. Provide the source and support for the PNG allocations of 6.36%, and 5.14% included in Column D of this spreadsheet;
- c. Provide the source and support for the 8.38% Annual ROR included in Column E of this spreadsheet; and
- d. Explain why the Annual ROR on DEBS Pension Balances equals 8.65% for January 2023 but 8.38% for all other months.

RESPONSE:

- 2-4. Allocated Return on DEBS Assets. Refer to the <Schedule 35 Expense for Allocated Return on DEBS Assets> spreadsheet, “Schedule 35.2” tab, that was provided with the Company’s filing. Provide the source and support for the 6.95% Annual ROR included in Column E of this spreadsheet.

RESPONSE:

- 2-5. Other Pension OPEB Expense. Refer to the <Schedule 36 Other Pension OPEB Expense> spreadsheet, “Schedule 36.1” tab, that was provided with the Company’s filing. Specifically refer to Column P of this spreadsheet which contains allocation factors of 5.15% and 100.00%. Provide the source of the 5.15% allocation factor used here.

RESPONSE:

- 2-6. Plant in Service. Refer to the <Schedule 52A UPIS Monthly Activity> spreadsheet, “3 State” tab, that was provided with the Company’s filing. Specifically refer Columns AJ, AU, BA, and BG of this spreadsheet which respectfully include “Adjustments” to plant in service for the months of June, August, September and October of 2023. Provide a narrative explanation on the need for these adjustments to plant in service.

RESPONSE:

2-7. Construction Work in Progress. Refer to the <Schedule 15 CWIP 13 Month Avg Bal> spreadsheet, “Schedule 15.1” tab, that was provided with the Company’s filing. Specifically refer to the amounts included on Rows 13-16 and 29-30 of this spreadsheet that show the monthly data for different Resource Type IDs. Identify and provide the source and support for this data.

RESPONSE:

2-8. Accumulated Depreciation. Refer to the <Schedule 52C Accumulated Depreciation Monthly Activity 2023> spreadsheet, “3 State” tab, that was provided with the Company’s filing. Specifically refer to the accumulated depreciation balances for September, October and November which contain “On Top” activity. Provide a narrative explanation of this activity to the accumulated depreciation calculation.

RESPONSE:

2-9. Working Capital. Refer to the <Schedule 52D Working Capital Calculation> spreadsheet, “Schedule 52.D.6” tab, that was provided with the Company’s filing. Specifically refer to footnote “(a)” of this spreadsheet which refers to a query on Accounts Payable to determine the allocation to CWIP. Provide a copy of this query that produces the allocation of accounts payable shown in Cells B33 to E37 of this spreadsheet.

RESPONSE:

2-10. Income Taxes. Refer to the <Schedule 52W Calculation of Composite Excise Tax Rate> spreadsheet, “Schedule 52W” tab, that was provided with the Company’s filing. Provide

the source and support for the apportionment factors shown in Column D of this spreadsheet for all states.

RESPONSE:

2-11. Amortization of Excess Deferred Income Taxes. Refer to the <Schedule 52X Amortization of EDIT> spreadsheet, “Schedule 52X” tab, that was included with the Company’s filing and provide the following information:

- a. Provide the source and support for the 2017 Tax Act Excess Deferred Balances shown in Column C;
- b. Provide the source and support for the 3-State Allocation Percentage of 16.33% shown in Column D; and
- c. Provide the source and support for the Amortization Rates shown in Column G.

RESPONSE:

2-12. ARM Asset Amortization. Refer to the <Schedule 52Z Calculation of ARM Reg Asset Amortization> spreadsheet, “Schedule 52Z” tab, that was included with the Company’s filing. Specifically refer to Cell F17 which shows a weighted average depreciable life of 50.25 years for 2022. Next refer to Cell F11 which shows a weighted average depreciable life of 44.76 years for 2023. Provide an analysis that explains the reduction in the weighted average depreciable life for the Company’s assets.

RESPONSE:

2-13. Variance Analysis. Confidential DR - [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

RESPONSE:

2-14. Working Capital. Refer to the <Schedule 19 Working Capital 13 Month Avg Bal> spreadsheet, “Schedule 19.0” tab, that was included with the Company’s filing. There does not appear to be a version of this spreadsheet that reflects the amounts for the Company’s proposed modified ARM. Identify the location of Schedule 19 for the proposed modified ARM or provide a spreadsheet that reflects these amounts.

RESPONSE:

2-15. Revenues. Refer to the <Schedule 1-12 Lead Schedules> spreadsheet, “6A-Rev Summary” tab, that was included with the Company’s filing. Specifically refer to Cell N14 of this spreadsheet which has a value of \$177,773,562 for the Sales and Transportation Revenues for the HBP. Although the Company references Schedule 21 as the support for this amount, we are unable to trace this value to any supporting documentation. Identify the precise support for this amount. If this amount has changed, then provide an updated schedule.

RESPONSE:

2-16. Lead/Lag Study. Refer to the <Schedule 1-12 Lead Schedules>, “4B-WCExpLag for Rate Reset” tab, that was included with the Company’s filing. Specifically refer to Cell H31 of this spreadsheet which has a value of \$1,769,662 for Regulatory Amortizations for the Annual Base Rate Reset. The formula for this amount adds \$286,789 + \$1,482,873.

Although the Company references Schedule 33 as the support for the \$286,789 amount, we are unable to trace this value to any supporting documentation. Identify the precise support for this amount. If this amount has changed, then provide an updated schedule.

RESPONSE:

2-17. Rate of Return. Refer to the <Schedule 1-12 Lead Schedules> spreadsheet, “10A-RateofReturn HBP” and “10B-RateofReturn Rate Reset” tabs, that were included with the Company’s filing. Specifically refer to Cells J13 and J14 of these spreadsheets which contain the short-term and long-term debt cost rates. These values should be truncated to 4 digits as displayed. However, the Company uses a value that extends to 15 digits. Provide an update to this schedule that includes debt cost rates that extend only to 4 digits.

RESPONSE:

2-18. Revenue Conversion Factor. Refer to the <Schedule 1-12 Lead Schedules> spreadsheet, “11-RevCnvsn” tab, that was included with the Company’s filing. Specifically refer to Cell H19 this spreadsheet which contains the rate for the uncollectible ratio. This value should be truncated to 6 digits as displayed. However, the Company uses a value that extends to 15 digits. Provide an update to this schedule that includes the uncollectible ratio that extends only to 6 digits.

RESPONSE:

2-19. Depreciation Expense. Refer to the <Schedule 14 Depreciation Expense> spreadsheet, “Schedule 14.2” tab, Column E, that was included with the Company’s filing regarding “PNG 3-State JP”. Next, refer to the <Schedule 52A UPIS Monthly Activity> spreadsheet, “3 State” tab, Column BR, that was included with the Company’s filing regarding the

December 2023 Ending Balance of Joint Plant. As shown in the table below, certain joint plant accounts do not properly reconcile between these two spreadsheets.

Account	Amount Per Schedule 14.2	Amount Per Schedule 52A.1-Plant	Difference
29102 - PC Equipment	\$13,277,728	\$14,265,327	\$987,599
29400 - Tools, Shop & Garage Equip	3,794,578	4,139,611	345,033
29700 - Communication Equipment	35,398,625	34,067,255	-1,331,370
29800 - Miscellaneous Equipment	11,305	10,043	-1,262
Total	\$52,482,236	\$52,482,236	\$ 0

Reconcile the differences between these two spreadsheets and provide an updated schedule that contains the correct balances.

RESPONSE:

2-20. Contributions in Aid of Construction. Refer to the <Schedule 17 CIAC 13 Month Avg Bal> spreadsheet, "Schedule 17.0" tab, that was provided with the Company's filing. Specifically refer to the amounts included in Column C for December 2022 through December 2023 of this spreadsheet. Identify and provide the source and support for this data.

RESPONSE:

2-21. Accumulated Deferred Income Taxes. Refer to the <Schedule 18 ADIT 13 Month Avg Bal> spreadsheet, "Schedule 18.0" tab, that was provided with the Company's filing. Specifically refer to the "Federal Protected EDIT and Regulatory Liabilities" amounts included in Column D for December 2022 through December 2023 of this spreadsheet. The Company has not provided the source of this data for the months of Feb, Apr, May, Jul, Aug and Oct since the DBR Breakout calculations were not included for these months. Identify and provide the source and support for this data.

RESPONSE:

2-22. ARM Regulatory Asset. Refer to the <Schedule 20 ARM Regulatory Asset 13 Month Avg Bal> spreadsheet, “Schedule 20.0” tab, that was provided with the Company’s filing. Specifically refer to Row 13 of this spreadsheet which should contain the December 2022 balances for this calculation. Explain the rationale for the Company’s omission of the December 2022 balances. If the Company believes that this schedule is in error, then provide an updated schedule.

RESPONSE:

2-23. Other Pension and OPEB Expense. Refer to the <Schedule 36 Other Pension OPEB Expense> spreadsheet, “Labor Charges by Account” tab, that was provided with the Company’s filing. Provide the source and support for the “DEBS Payroll Company, Piedmont Payroll Company and Other Duke Payroll Companies” amounts shown in Columns D, F and H of this spreadsheet.

RESPONSE:

2-24. Allocation Factors. Refer to the <Schedule 44 Composite Factor> spreadsheet, “Schedule 44.2” tab, that was provided with the Company’s filing. Provide the source and support for the “O&M Labor” amounts shown in Column B of this spreadsheet.

RESPONSE:

2-25. Allocation Factors. Refer to the <Schedule 44 Composite Factor> spreadsheet, “Schedule 44.3” tab, that was provided with the Company’s filing. Provide the source and support for the “Gross Plant in Service” and “CWIP” amounts shown in Columns C and D of this spreadsheet.

RESPONSE:

2-26. Allocation Factors. Refer to the <Schedule 45 Net Plant Factor> spreadsheet, “Schedule 45.1” tab, that was provided with the Company’s filing. Provide the source and support for the “Accumulated Depreciation and Amortization” amounts shown in Column D of this spreadsheet.

RESPONSE:

2-27. Allocation Factors. Refer to the <Schedule 44 Composite Factor> spreadsheet, “Schedule 44.3” tab, Cell D13, that was provided with the Company’s filing that has a value of \$48,390,723 for CWIP at December 31, 2022. Next, refer to the <Schedule 52B CWIP Monthly Activity> spreadsheet, “CWIP Dec 2022” tab, Cell H171, that was provided with the Company’s filing that has a value of \$54,219,477 for CWIP at December 31, 2022. Reconcile the difference between these two amounts for CWIP at December 31, 2022.

RESPONSE:

2-28. Financial Reports. Refer to the <Schedule 39 - 41F Financial Reports 2023> spreadsheet, “41A - Piedmont Reg WKTb” tab, that was provided with the Company’s filing. This spreadsheet provides the monthly trial balance by account of Piedmont’s Operations for December 2022 through December 2023. Provide a trial balance for this same period in this same format for Tennessee Only operations.

RESPONSE:

2-29. Working Capital. Refer to the <Schedule 52D Working Capital Calculation> spreadsheet, “Schedule 52.D.5” tab, that was provided with the Company’s filing. Specifically refer to the amounts in Column C of this spreadsheet related to Indirect Overhead in Account

186120 for December 2022 through December 2023. We are unable to identify the specific amounts included here in the Company's Piedmont Trial Balance on the <Schedule 39 - 41F Financial Reports 2023> spreadsheet, "41A - Piedmont Reg WKTb" tab. Reconcile these amounts listed on the "Schedule 52.D.5" tab with the Company's trial balance on "41A - Piedmont Reg WKTb".

RESPONSE:

2-30. Working Capital. Refer to the <Schedule 52D Working Capital Calculation> spreadsheet, "Schedule 52.D.6" tab, that was provided with the Company's filing. Specifically refer to the amounts in Columns E, H, I, J, and K for Accounts 232002, 232892, 232897, 232996, and 242110 of this spreadsheet for December 2022 through December 2023. We are unable to identify the specific amounts included here in the Company's trial balance on the <Schedule 39 - 41F Financial Reports 2023> spreadsheet, "41A - Piedmont Reg WKTb" tab. Reconcile these amounts listed on the "Schedule 52.D.6" tab with the Company's trial balance on "41A - Piedmont Reg WKTb".

RESPONSE:

2-31. Deferred Depreciation. Refer to Cell F9 of the <Schedule 52E ARM Reg Asset Deferred Depreciation Monthly Activity> spreadsheet, "Schedule 52.E.2" tab, that has a balance of \$1,336,297 for the "Regulatory Asset - Beginning Balance". Provide the source and support for this amount.

RESPONSE:

2-32. Deferred Depreciation. Refer to the monthly entry tabs of the <Schedule 52E ARM Reg Asset Deferred Depreciation Monthly Activity> spreadsheet that was provided with the

Company's filing. Specifically refer to the "3 State Additions" sections of this spreadsheet. It appears that the Company has changed the depreciation rates for "3 State Additions" beginning in October 2023. Provide the source and support for the specific 3 state depreciation rates from January 2023 to September 2023 and from October 2023 to December 2023.

RESPONSE:

2-33. Administrative & General Expense. Confidential DR - [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

RESPONSE:

2-34. Administrative & General Expense. Confidential DR - [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

RESPONSE:

2-35. DEBS Depreciation Expense. Refer to the <Schedule 52T Calculation of DEBS Depreciation Expense> spreadsheet, "Schedule 52T.0" tab, Cell X93146, that has a balance

of \$10,356,717 for the calculated depreciation expense adjustment. Provide a narrative explanation and basis of the reason for this adjustment to DEBS depreciation expense.

RESPONSE:

2-36. Lead/Lag Study. Confidential DR - [REDACTED]

[REDACTED]
[REDACTED]

Although the footnote to this Cell refers to Schedule 30 for computations, we are unable to locate the source of this amount. [REDACTED]

[REDACTED]

RESPONSE:

2-37. Lead/Lag Study. Confidential DR - [REDACTED]

[REDACTED]
[REDACTED] Although the footnote to this Cell

refers to Schedule 9 for computations, we are unable to locate the source of this amount.

[REDACTED]
[REDACTED]

RESPONSE:

2-38. Debt & Equity Balances. Refer to the <Schedule 54 Debt and Equity Balances> spreadsheet, "Schedule 54" tab, Column D, that has a 13-month average balance of \$3,536,511,235 for Long-Term Debt. Next refer to the <Schedule 39 - 41F - Financial Reports 2023> spreadsheet, "41A - Piedmont Reg WKTB" tab, for a copy of the Company's monthly trial balance for 2023. We are unable to precisely trace the monthly

long-term debt amounts on Schedule 54 to the Company's trial balance on Schedule 41A. Provide a monthly reconciliation for long-term debt from December 2022 to December 2023 that ties the balances on Schedule 54 to the Company's trial balance.

RESPONSE:

2-39. Capital Structure & Cost Rates. Refer to the <Schedule 52Y Capital Structure and Cost Rates> spreadsheet, "Schedule 52Y.14" tab, Cell K529, that calculates a composite short-term interest rate of 0.72% for September 2023. There appears to be an error in this calculation. Provide an updated calculation that corrects this error.

RESPONSE:

2-40. Permanent Tax Differences. Refer to the <Schedule 52AA Permanent Tax Differences> spreadsheet, "Schedule 52AA" tab, Column C, that calculates the Permanent Tax Differences applicable to Tennessee. Provide the source and support for the amounts in Column C that appear as unreferenced hard-coded numbers.

RESPONSE:

2-41. ARM Reconciliation Deferred Account. Refer to the <Schedule 52BB ARM Reconciliation Deferred Account> spreadsheet, "ARM Recon Deferred Account Adj" tab, included with the Company's filing and provide the following information:

- a. Provide the source and support for the \$10,996,205 amount in Cell G13 for Revenue Requirement plus Carry Costs that appears as an unreferenced hard-coded amount; and
- b. Provide the source and support for the amounts in Row 14 for Collections from ARM Rider Adjustment that appear as unreferenced hard-coded numbers.

RESPONSE:

2-42. Line Installation. Provide the number of service lines replaced in 2023, along with the average installation cost per service line.

RESPONSE:

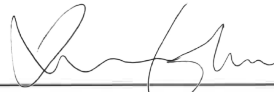
2-43. Line Installation. Provide the miles of main installed in 2023 and the average installation cost per mile.

RESPONSE:

2-44. Contracts. Refer to the Company's Response to Consumer Advocate DR No. 1-40, indicating that there were no costs incurred by Piedmont associated with the review and analysis of the Safe Harbor Provisions. Provide a copy of the contract covering the services provided by Ernst and Young on behalf of Piedmont.

RESPONSE:

RESPECTFULLY SUBMITTED,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail,
with a courtesy copy by electronic mail upon:

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This the 9th day of July 2024.



VICTORIA B. GLOVER
Assistant Attorney General