

# Holland & Knight

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July 19, 2024

## **VIA ELECTRONIC MAIL**

Electronically Filed in TPUC Docket  
Room on July 19, 2024 at 8:20 a.m.

Mr. Herbert Hilliard, 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  
2024 Annual Review of Rates Mechanism Pursuant to Tenn. Code  
Ann. § 65-5-103(d)(6)  
Docket No. 24-00036**

Dear Chairman Hilliard:

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 email.

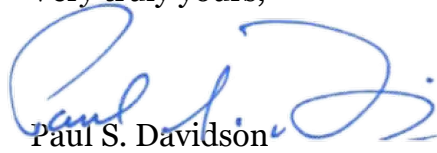
Mr. Herbert Hilliard, Chairman

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

Very truly yours,



Paul S. Davidson

PSD:

Enclosures

cc: Pia Powers  
Brian Heslin  
James H. Jeffries IV  
Brian Franklin  
Mason Maney  
Kelly Cashman-Grams  
Michelle Mairs  
Cole McCormick  
David Foster  
Vance Broemel  
Victoria Glover

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the attached was served via electronic mail upon the following:

Victoria B. Glover  
Assistant Attorney General  
Office of the Tennessee Attorney General  
Consumer Advocate Division  
P.O. Box 20207  
Nashville, Tennessee 37202-0207  
Email: [Victoria.Glover@ag.tn.gov](mailto:Victoria.Glover@ag.tn.gov)

Vance L. Broemel  
Managing Attorney  
Office of the Tennessee Attorney General  
Consumer Advocate Division  
P.O. Box 20207  
Nashville, Tennessee 37202-0207  
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This the 19th day of July 2024.

/s/ Paul S. Davidson  
Paul S. Davidson

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CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS  
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**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.

**RESPONSE:** The amount shown on Schedule 31.1 was sourced from the Company's general ledger using codeblock detail to identify short-term incentive expense.

The attached file **CA DR 2-1 Attachment\_Short Term Incentive.xlsx**, in the tab "Totals by Resource Type", reconciles that the \$1,036,952 in Tennessee Short-Term Incentive Compensation Expense amount shown on Schedule 31.1 is a component of the total Tennessee Allocated O&M expense on the Company's 2023 trial balance.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

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**2-1 Attachment**

**Attachments Provided in Native Format**

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**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:** The amount shown on Schedule 32.1 was sourced from the Company's general ledger using codeblock detail to identify long-term incentive expense.

The attached file **CA DR 2-2 Attachment\_Long Term Incentive.xlsx**, in the tab "Totals by Resource Type," reconciles that the \$779,846 in Tennessee Long-Term Incentive Compensation Expense amount shown on Schedule 32.1 is a component of the total Tennessee Allocated O&M expense on the Company's 2023 trial balance.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

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**2-2 Attachment**

**Attachment Provided in Native Format**

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**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:**

- a. Please see the four (4) attachments provided herewith.
- b. The allocations percentage of 6.36% is based on the 2023 Service Company CAM, please see the attachment provided herewith. The 5.14% is the DEBS Labor %, which can also be found within the support attachments for the DEBS Pension Balances provided for in response to DR 2-3a.
- c. For the presentation of Per Books Expense for Allocated Return on DEBS Assets, Excel Column E of Schedule 35.1 was utilizing an 8.38% ROR excluding gross receipts tax applicable to Piedmont's North Carolina Jurisdiction. Piedmont's adjustment made in Excel Column E on Schedule 35.0 adjusts the expense amount for the HBP Ending



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12/31/2023 by utilizing the 6.95% Annual ROR applicable to Piedmont's Tennessee jurisdiction. The support for the 6.95% is discussed in the response to DR 2-4.

- d. The modification of the percentage utilized for January 2023 was an oversight and was subsequently changed for the month of February 2023.

**Name and title of responsible person:** Rebekah Buck, Director - Allocations & Reporting

**Name and title of preparer:** Paula Perez, CW Professional

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**2-3(a) Attachments**

**Attachment Provided in Native Format**

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**2-3(b) Attachment**

**Attachments Provided Electronically**

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**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:** The 6.95% Annual ROR reflected in Schedule 35.2 is the Fair Rate of Return for the Annual Base Rate Reset authorized by the TPUC in Piedmont's 2023 Annual ARM Filing, Docket No. 23-00035. In the attachment provided in the response to CA DR 2-41a, see Settlement Schedule 1, Line 4, Column B. Also see Settlement Schedule 10B, Line 4, Column C.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

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**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:** On Schedule 36.1, the 5.15% allocation factor is used for the OPEB/Pension transactions on operating unit PLIB. The PLIB allocation factor is used on the 20013 business unit transactions to estimate how much pension OPEB is allocated to PNG to follow how DEBS labor was charged to PNG for the year.

The allocation factor is calculated annually. See the attached file **CA DR 2-5 Attachment\_PLIB 2023 Factor.xlsx**.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

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**2-5 Attachment**

**Attachment Provided in Native Format**

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**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:** The adjustments in columns AJ, AU, BA and BG on Schedule 52A UPIS Monthly Activity are manual journal entries that were made outside of the asset accounting subledger to ensure the general ledger reflects the correct balance. These adjustments were primarily related to the retirement of the Piedmont Town Center office building.

**Name and title of responsible person:** Denise Lepisto, Manager Accounting

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager and Denise Lepisto, Manager Accounting

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**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:** The source for the amounts on tab Schedule 15.1 of the Schedule 15 CWIP 13 Month Avg Bal, is the Company's general ledger detail. See the attached file, **CA DR 2-7 Attachment\_Schedule 15\_CWIP support.xlsx** for the support detail.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

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**2-7 Attachment**

**Attachment Provided in Native Format**

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**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:** The “On Top” activity for September, October and November are manual journal entries that were made outside of the asset account subledger to ensure the general ledger reflected the correct balance. The adjustments were primarily related to the retirement of the Piedmont Town Center office building.

**Name and title of responsible person:** Denise Lepisto, Manager Accounting

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager and Denise Lepisto, Manager Accounting

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**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:** See the attached file **CA DR 2-9 Attachment\_Working Capital Allocation Support.xlsx**, tabs "Step 1" and "Step 2" for the support query and the allocation percentages for the accounts payable accounts noted in Schedule 52 D Working Capital Calculation, Schedule 52.D.6 tab.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

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**2-9 Attachment**

**Attachment Provided in Native Format**

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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.

**CONFIDENTIAL RESPONSE:**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

**Name and title of responsible person:** John Panizza, Director Tax Operations

**Name and title of preparer:** Chris Nelson, Tax Manager and Brian Neiheisel, Senior Tax Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

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**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:**

- a. These were the balances established and supported in TPUC Docket No. 18-00040. Please see Piedmont's confidential attachment provided in response to the Tennessee Consumer Advocate's Supplemental Data Request issued March 14, 2019. For convenience, the **CONFIDENTIAL** attachment is provided herewith. **"CONFIDENTIAL CA DR 2-11a Attachment from Dk 18-00040\_CONFIDENTIAL SUMMARY – PNG EDIT BY JURISDICTION.xlsx."**
- b. The 3-State Allocation Percentage of 16.33% is the Net Plant Allocation Percentage for Tennessee's portion of 3-State as of 12/31/2017, which is when the EDIT liability was established. Please see the **"CONFIDENTIAL CA DR 2-11b Attachment from Dk 18-00040 CPAD DR 2-11.xlsx"** attachment provided herewith as provided to the Consumer Advocate in Docket No. 18-00040.

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- c. The current year EDIT amortization amount is calculated in the PowerPlan PowerTax Module. EDIT amortization is calculated for every individual asset record in PowerTax. To get the total annual amortization rate, take the total EDIT amortization amount calculated in PowerTax and divide it by the total original Property Plant and Equipment ("PP&E") protected EDIT amount for PP&E created in 2017 when the federal tax rate changed as a result of the Tax Cuts and Jobs Act. See attachment **"CADR 2-11c Attachment 1 of 1.xlsx"** for the supporting annual amortization amounts with allocation calculations for the Tennessee portions of 3-state property.

**Name and title of responsible person:** John Panizza, Director Tax Operations

**Name and title of preparer:** Chris Nelson, Tax Manager and Brian Neiheisel, Senior Tax Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.



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2-11(a) Attachment

**CONFIDENTIAL** Attachment Filed Under Seal

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2-11(b) Attachment

**CONFIDENTIAL** Attachment Filed Under Seal

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**2-11(c) Attachment**

**Attachment Provided Electronically**

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**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:** The reduction in the weighted average depreciable life for the Company's assets is due to a decrease in plant in service additions from 2022 to 2023. Total plant additions in 2022 were \$183M compared to \$163M in 2023. Additionally, there were changes to depreciation rates for Piedmont's 3-state common property from 2022 to 2023 that impacted the calculation of the depreciable life.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**CONFIDENTIAL RESPONSE:** [REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Name and title of responsible person:** John Panizza, Director Tax Operations (TN Franchise Tax) and Kally Couzens, Director - Gas Rates & Regulatory Strategy (Revenues)

**Name and title of preparer:** Chris Nelson, Tax Manager and Brian Neiheisel, Senior Tax Manager and Kally Couzens, Director - Gas Rates & Regulatory Strategy

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**2-13 Attachment**

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**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:** Attached herein is Schedule 19 Working Capital 13 Month Avg Bal reflecting the amounts for the Proposed Modified ARM Lead Schedules\_Existing Depreciation Rates, which is also attached to this data request. The Requirement for the Lead Lag line on Schedule 19 should be the same amount as the Lead Lag Requirement on Lead Schedule 3 - LeadLagRsIts.

The Company has made further corrections and updates to the Proposed Modified ARM Lead Schedules\_Existing Depreciation Rates (see attachment herein) and the current tariff Lead Schedules\_Existing Depreciation Rates (see attachment to DR 2-16) based on responses to CA Data Requests No. 2-16, 2-17, 2-18, 2-36 , 2-37 and 2-39.

See the attached file **CA DR 2-14 Attachment 1 of 2\_Schedule 19 Working Capital\_updated.xlsx** for updates to the Requirement for Lead Lag line.

See attached file **CA DR 2-14 Attachment 2 of 2\_Proposed Modified ARM - Schedules 1-12\_Lead Schedules\_updated.xlsx** for updates to the lead schedules based on aforementioned data requests.



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**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

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**2-14 Attachments**

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**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:** The \$177,773,562 reflected in cell N14 is the per books margin amount reflected in cell H14 (or Line 1, Column A of “Schedule 6A-Rev Summary”) minus the authorized 2022 HBP Revenue Requirement Deficiency, including HBP reconciliation carrying costs, of \$10,996,205 booked in 2023. The \$10,996,205 can be verified on Settlement Schedule 1, Line 10, Column A of the ARM Settlement Schedules filed on September 28, 2023, in Docket No. 23-00035 (see the attachment provided in response to CA DR 2-41a). Piedmont’s ARM Tariff prescribes that the Gas Sales and Transportation Revenues used for the HBP Ending 12/31/23 in Column C of Schedule 6A, reflect actual revenues from Base Rates, thus accordingly the \$10,996,205 for the 2022 HBP Reconciliation true-up has been removed from Column C for 2023 HBP reconciliation.

The per books margin revenue of \$188,769,767 shown in cell H14 is supported in Schedule 21 by summing the margin revenue amounts in cells V18, V33 and V41 (or summing Lines 6, 18 and 23 in Column J).

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**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

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**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:** The Regulatory Amortizations amount for the Annual Base Rate Reset on Schedule 1-12 Lead Schedules in the "4B-WCExpLag for Rate Reset" tab should be \$1,884,306, which would align with Schedule 33 as provided. The Lead Schedule 4B-WC Exp Lag for Rate Reset has been updated with the correct amount (see the attachment herein).

The Net Cash Working Capital Required on Schedule 3 LeadLagRsIts changed as a result of the Regulatory Amortization correction noted above. The Lead/Lag Study requirement on Lead Schedule 2 Rate Base has also been update to correctly reflect the changes (see the attachment herein).

The Company has made further corrections and updates to the current tariff Lead Schedules\_Existing Depreciation Rates (see attachment herein) and Proposed Modified ARM Lead Schedules\_Existing Depreciation Rates (see attachment to DR 2-14) based on responses to CA Data Requests No. 2-16, 2-17, 2-18, 2-36, 2-37 and 2-39.

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See the updated lead schedules in the attached file CA DR 2-16 Attachment\_Schedules 1-12\_Lead  
Schedules\_Exist Depr\_corrections.xlsx

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory  
Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

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**2-16 Attachment**

**Attachment Provided in Native Format**

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**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:** The truncation of the short-term and long-term debt cost rates are provided in tabs "10A-RateofReturn HBP" and "10B-RateofReturn Rate Reset" in the Lead Schedule attachments to DR 2-14 and DR 2-16.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.



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**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:** The truncation of the rate for the uncollectible ratio is provided in tab "11-RevCnvsn" in the Lead Schedule attachments to DR 2-14 and DR 2-16.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**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.

<b>Account</b>	<b>Amount Per Schedule 14.2</b>	<b>Amount Per Schedule 52A.1-Plant</b>	<b>Difference</b>
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
<b>Total</b>	<b>\$52,482,236</b>	<b>\$52,482,236</b>	<b>\$ 0</b>

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

**RESPONSE:** The UPIS PNG 3-State amounts on Schedule 14 Depreciation Expense and Schedule 52A UPIS Monthly Activity should be the same. The Company has updated Schedule 52A UPIS Monthly Activity to reflect the correct amounts. See the attachment herein "**CA DR 2-19 Attachment Schedule 52A UPIS\_corrected.xlsx**".

In Schedule 52A, four of the August 2023 adjustment amounts were inadvertently entered on the incorrect utility account lines. These updates to Schedule 52A do not impact the ARM Filing Lead Schedules.

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**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

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**2-19 Attachment**

**Attachment Provided in Native Format**

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**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:** The source and support for the December 2022 through December 2023 amounts on Schedule 17 CIAC 13 Month Avg Bal, is the Company's general ledger. The attached file **CA DR 2-20 Attachment\_Contributions in Aid of Construction support.xlsx**, includes general ledger support for the 2023 balances and the December 2022 balance.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

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**2-20 Attachment**

**Attachment Provided in Native Format**

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**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:** On Schedule 18 ADIT 13 Month Avg Bal, the source for the Feb, Apr, May, Jul, Aug and Oct Federal Protected EDIT and Regulatory Liabilities amounts are the quarterly DBR Breakout calculation amounts plus monthly expense activity.

The attached file **CA DR 2-21 Attachment Schedule 18\_EDIT and Reg Liab Support.xlsx**, includes the calculation and support for the months requested. See the tab labeled "EDIT and Reg Liab Support".

**Name and title of responsible person:** John Panizza, Director Tax Operations

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager and Chris Nelson, Tax Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

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2-21 Attachment

Attachment Provided in Native Format



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**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:** As prescribed by Piedmont's ARM Tariff, the Company segregates its deferrals to the ARM Regulatory Asset by HBP. The ARM Regulatory Asset shown on Schedule 20.0 in the Schedule 20 ARM Regulatory Asset 13 Month Avg Bal, is the 2023 HBP ARM Regulatory Asset. The entries were recorded in this account, as appropriate, beginning in January 2023. As such, there are no applicable December 2022 amounts for this account.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates and Regulatory Strategy Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

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**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:** See the attached file "**CA DR 2-23 Attachment.xlsx**" for the support of the DEBS Payroll Company amounts, Piedmont Payroll Company amounts and Other Duke Payroll Companies amounts shown in Columns D, F and H of the Labor Charges by Account tab in Schedule 36 Other Pension OPEB Expense.

The source for the amounts is the Company's general ledger.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates and Regulatory Strategy Manager

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**2-23 Attachment**

**Attachment Provided in Native Format**

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**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:** See the **CONFIDENTIAL** attachment provided herewith.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

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

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**2-24 Attachment**

**CONFIDENTIAL** Attachment Filed Under Seal

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**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:** The "Gross Plant in Service" and "CWIP" amounts shown on the Schedule 44.3 tab reflect the Plant in Service and CWIP amounts from Piedmont's Balance Sheet related to its TN operations. See the CA DR 2-25 Attachment provided herewith.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

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

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

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**2-25 Attachment**

**Attachment Provided in Native Format**

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**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:** Please see the attachment provided herewith.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

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

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**2-26 Attachment**

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**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:** The amount shown in Schedule 44.3, Cell D13 represents the CWIP balance of \$54,219,478 (as shown in cell E105 in the attachment to DR 2-25), net of the CIAC balance of \$5,828,754 (as shown in cell E112 in the attachment to DR 2-25).

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

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

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**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:** The Company does not maintain a jurisdictional level trial balance. Thus, a Tennessee Only operations trial balance is not available to provide.

The Company has Consolidating Balance Sheets that display each jurisdiction as well as 2-state and 3-state rolling up to total Piedmont. The 3-state balances are allocated to Tennessee by the Net Plant Allocation % for reporting purposes.

The Consolidating Balance Sheets for December 2022 through December 2023 have been provided in the response to CA DR 2-29.

**Name and title of responsible person:** Kally Couzens, Director – Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

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**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:** The Company’s Piedmont Trial Balance on the <Schedule 39 – 41F Financial Reports 2023> reflects total company balances only. The Monthly Consolidated Balance Sheet breaks out the total company balance by jurisdiction, 2-State and 3-State. Please see the attachment herein, **CA DR 2-29 Attachment Cons BS.xlsx**, for the Consolidated Balance Sheets for Dec 2022-Dec 2023.

**Name and title of responsible person:** Kally Couzens, Director – Gas Rates & Regulatory Strategy

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

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**2-29 Attachment**

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**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:** The Company’s Piedmont Trial Balance on the <Schedule 39 – 41F Financial Reports 2023> reflects total company balances only. The Monthly Consolidated Balance Sheet breaks out the total company balance by jurisdiction, 2-State and 3-State. Please see the attachment provided in response to CA DR 2-29.

**Name and title of responsible person:** Kally Couzens, Director – Gas Rates & Regulatory Strategy

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

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**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:** The \$1,336,297 – Regulatory Asset – Beginning Balance is the Deferred Depreciation Expense portion of the 2022 HBP ARM Regulatory Asset (Account Number 0182593). The beginning balance is December 31, 2022, and the amortization of the asset began in October 2023 based on the approval of the 2023 ARM filing. See the attachment provided herewith for the supporting calculations of the \$1,336,297 authorized from the 2023 ARM proceeding.

The Regulatory Asset Beginning Balance of \$1,336,297 and the Regulatory Asset Ending Balance of \$1,329,648 agree to the Schedule 20\_ARM Regulatory Asset 13 Month Avg Bal, tab Schedule 20.1

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates and Regulatory Strategy Manager

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**2-31 Attachment**

**Attachment Provided in Native Format**



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**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:** The 3-state depreciation rates from January 2023 to September 2023 are supported by Piedmont's Depreciation Study at September 30, 2018. See attachment "**CA DR 2-32 Attachment 2 of 2.pdf**" herein.

The 3-state depreciation rates from October 2023 to December 2023 are supported by Piedmont's 3-State Common Property Assets Depreciation Study at December 31, 2021. This study was filed in TPUC Docket No. 20-00086 on December 29, 2022. The utilization of the results of the study in Piedmont's 2023 Annual ARM Filing for the Annual Base Rate Reset was discussed in the Direct Testimonies of Pia Powers and Keith Goley and subsequently reflected in the Settlement Schedules supporting the August 21, 2023, filed Settlement Agreement. See attachment "**CA DR 2-32 Attachment 1 of 2.pdf**" herein.

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**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**DOCKET NO. 24-00036**  
**CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS**  
**Date Issued: July 9, 2024**  
**Date Due: July 16, 2024**

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

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

**CONFIDENTIAL RESPONSE:** [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED].

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates and Regulatory Strategy Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

**Public Version**

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**2-33 Attachment**

**CONFIDENTIAL** Attachment Filed Under Seal

**Public Version**

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

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

**CONFIDENTIAL RESPONSE:** [REDACTED]

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

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates and Regulatory Strategy Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

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**2-34 Attachment**

**CONFIDENTIAL** Response and Attachment Filed Under Seal

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**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:** These adjustments are primarily driven by late in-service dates and late charging resulting in the depreciation being captured as an adjustment versus current depreciation expense.

**Name and title of responsible person:** Rebekah Buck, Director - Allocations & Reporting

**Name and title of preparer:** Paula Perez, CW Professional

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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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]

**CONFIDENTIAL RESPONSE:** [REDACTED]

[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]



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**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

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**2-36 Attachment**

**CONFIDENTIAL** Attachment Filed Under Seal

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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].

**CONFIDENTIAL RESPONSE:** [REDACTED]

[REDACTED]

[REDACTED]

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

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**2-37 Attachment**

**CONFIDENTIAL** Attachment Filed Under Seal

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**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:** Please see the attachment provided herewith for the monthly reconciliation of long-term debt per Schedule 54 to the Company's trial balance.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

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

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**2-38 Attachment**

**Attachment Provided in Native Format**

**Public Version**

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**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:** “Schedule 52Y.14” did have a formula error that resulted in incorrect short-term interest rate for September 2023. The formula error has been corrected in the attached file “**CA DR 2-39 Attachment.xlsx**” and resulted in an updated short term interest rate of 5.55%.

The change in the September 2023 short term interest rate noted above resulted in a change to the HBP 13-month average short term interest rate.

The applicable lead schedules were updated as noted in the response to CA DR 2-14 and 2-16.

**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

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

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

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**2-39 Attachment**

**Attachment Provided in Native Format**



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**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:** These amounts are computed in the PowerPlan PowerTax Module. This permanent item represents the book depreciation that Power Tax allocates to AFUDC Equity to reverse a portion of the original basis difference that was set up. See "CA DR 2-40 - Attachment 1 of 1.xlsx" for support.

**Name and title of responsible person:** John Panizza, Director Tax Operations

**Name and title of preparer:** Chris Nelson, Tax Manager and Brian Neiheisel, Senior Tax Manager

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.

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**2-40 Attachment**

**Attachment Provided in Native Format**

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**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:**

- a. The \$10,996,205 in cell G13 reflects the 2022 HBP Revenue Requirement Deficiency, including HBP reconciliation carrying costs authorized by the TPUC in Piedmont's 2023 ARM Proceeding. This amount can be verified on Settlement Schedule 1, Line 10, Column A of the ARM Settlement Schedules filed on September 28, 2023, in Docket No. 23-00035. Please see the n "**CA DR 2-41a\_Attachment\_Docket No. 23-00035 ARM Settlement Schedules and Tariff.pdf**" attachment provided herewith. Additionally, a supporting screenshot of Settlement Schedule 1 from the 2023 Annual ARM proceeding is provided in tab “ARM Revenue Authorized for Rider” of the “Schedule 52BB\_ARM Reconciliation Deferred Account” spreadsheet provided in this proceeding.
- b. See the “**CA DR 2-41b\_Attachment\_Cost Recovery Sheets.pdf**” attachment provided herewith.

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**Name and title of responsible person:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

**Name and title of preparer:** Kally Couzens, Director - Gas Rates & Regulatory Strategy

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**2-41(a) Attachment**

**Attachment Provided Electronically**

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**2-41(b) Attachment**

**Attachments Provided Electronically**

**Public Version**

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

**RESPONSE:** The number of service lines replaced in 2023 is 348 at a total capital expenditure of \$3,260,568. The calculated average replacement cost per service line is \$9,369 ( $\$3,260,568/348 = \$9,369$ ).

**Name and title of responsible person:** Amber Lineback, General Manager - Distribution Construction

**Name and title of preparer:** John Robson, Interim Leader - Rates & Regulatory Strategy and Kally Couzens, Director - Gas Rates & Regulatory Strategy

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

**RESPONSE:** The miles of main installed in 2023 is 30 miles at a total capital expenditure of \$88,106,390. The calculated average installation cost per mile of main is \$2,936,880 (\$88,106,390/30 = \$2,936,880).

**Name and title of responsible person:** Amber Lineback, General Manager - Distribution Construction

**Name and title of preparer:** John Robson, Interim Leader - Rates & Regulatory Strategy and Kally Couzens, Director - Gas Rates & Regulatory Strategy

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2024.



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**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:** The original response to CA DR 1-40 was responding to whether there was an expense included in the income statement of the financial results. To clarify, there is a statement of work ("SOW") specific to the review and analysis of the Safe Harbor Provisions. The cost associated with the review and analysis were capitalized as they were invoiced, which took place in 2023 and 2024. The SOW covers all Gas Operations at Duke Energy and is not specific to Piedmont or the Piedmont Tennessee Operations. In "**CA DR 2-44\_Attachment 2 of 9\_Summary of Invoices\_CONFIDENTIAL.xlsx**" there is a summary of the amount on the respective invoices that are then allocated to Piedmont and then allocated to the Tennessee Operations within Piedmont. Also included in the nine confidential attachments herein are the seven invoices and the statement of work.

**Name and title of responsible person:** John Panizza, Director Tax Operations

**Name and title of preparer:** Chris Nelson, Tax Manager and Brian Neiheisel, Senior Tax Manager

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2-44 Attachments

**CONFIDENTIAL** Attachments Filed Under Seal