

**IN RE:**

**PETITION OF PIEDMONT NATURAL  
GAS COMPANY, INC. FOR APPROVAL  
OF ITS 2025 ANNUAL REVIEW OF  
RATES MECHANISM PURSUANT TO  
TENN. CODE ANN. §65-5-103(d)(6)**

**DOCKET NO. 25-00036**

## CONSUMER ADVOCATE'S FIRST SET OF DISCOVERY REQUESTS TO PIEDMONT NATURAL GAS COMPANY

This First 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. 1220-01-02-.11. The Consumer Advocate Division of the Tennessee 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 Shilina B. Brown on or before Friday, June 20, 2025, at 2:00 p.m. CST.

**PRELIMINARY MATTERS AND DEFINITIONS**

1.     **Continuing Request.** These discovery requests are to be considered continuing in nature and are to be supplemented from time to time as information is received by the Company and any of its affiliates which would make a prior response inaccurate, incomplete, or incorrect.

2.     **Clear References.** To the extent that the data or information requested is incorporated or contained in a document, identify the document including page/line number if applicable.

3.     **Format of Responses.** Provide all responses in the format in which they were created or maintained, for example, Microsoft Word or Microsoft Excel format with all cells and formulas intact and in working order. If a document (including without limitation a financial or other spreadsheet or work paper) is not created or maintained in Microsoft Excel format, convert the document to Microsoft Excel format or provide the document in a format that enables or permits functionality like or similar to Microsoft Excel (including without limitation the functionality of working cells and formulas), or provide the software program(s) that will enable the Consumer Advocate to audit and analyze the data and information in the same manner as would be enabled or permitted if the document were provided in Microsoft Excel format.

4.     **Objections.** If any objections to this discovery are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege or immunity asserted. If you claim a document is privileged, identify the document, and state the basis for the privilege or immunity asserted. If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

5. **Singular/Plural.** The singular shall include the plural, and vice-versa, where appropriate.

6. **Definitions.** As used in this Request:

(a) “You,” “Your,” “Company,” or “Piedmont” shall mean Piedmont Natural Gas Company, Inc. and all employees, agents, attorneys, representatives, or any other person acting or purporting to act on its behalf.

(b) “Affiliate” shall mean any entity who, directly or indirectly, is in control of, is controlled by, or is under common control with the Company. For greater clarification, “control” is the ownership of 20% or more of the shares of stock entitled to vote for the election of directors in the case of a corporation, or 20% or more of the equity interest in the case of any other type of entity, or status as a director or officer of a corporation or limited liability company, or status as a partner of a partnership, or status as an owner of a sole proprietorship, or any other arrangement whereby a person has the power to choose, direct, or manage the board of directors or equivalent governing body, officers, managers, employees, proxies, or agents of another person. In addition, the term “Affiliate” shall mean any entity that directly or indirectly provides management or operational services to the Company or any affiliate (as defined in the preceding sentence) of the Company, or to which the Company provides management or operational services. Further, the payment of money to the Company or receipt by the Company of money from an entity with which the Company has any relationship, other than such payment or receipt, shall include the payor or recipient of such money as an “Affiliate”.

(c) “Communication” shall mean any transmission of information by oral, graphic, written, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, meetings, and personal conversations, or otherwise.

(d) “Document” shall have the broadest possible meaning under applicable law. “Document” shall mean any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, letter, note, report, electronic mail, memorandum (including memoranda, electronic mail, report, or note of a meeting or communication), work paper, spreadsheet, photograph, videotape, audio tape, computer disk or record, or any other data compilation in any form without limitation, which is in your possession, custody or control. If any

such document was, but no longer is, in your possession, custody or control, state what disposition was made of the document and when it was made?

(e) “Person” shall mean any natural person, corporation, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

(f) “Identify” with respect to:

- i. Any natural person, means to state the full name, telephone number, email address and the current or last known business address of the person (if no business address or email address is available provide any address known to you) and that person’s relationship, whether business, commercial, professional, or personal with you;
- ii. Any legal person, business entity or association, means to state the full name, the name of your contact person with the entity, all trade name(s), doing business as name(s), telephone number(s), email address(es), and current or last known business address of such person or entity (if no business address is available provide any address known to you);
- iii. Any document, means to state the type of document (e.g., letter), the title, identify the author, the subject matter, the date the document bears and the date it was written; and
- iv. Any oral communication, means to state the date when and the place where it was made, identify the person who made it, identify the person or persons who were present or who heard it, and the substance of it.

(g) “And” and “or” shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive.

(h) “Including” shall be construed to mean including but not limited to.

### **FIRST SET OF DISCOVERY REQUESTS**

- 1-1. Reference Data.** Provide the individual monthly “Consolidating Balance Sheet (Account Level)” and the “Consolidating Income Statement (Account Level)” from December 2023 to December 2024 for all Piedmont entities (NC, SC, TN, 2-State Direct, 3-State Direct,

Eliminations, Adjustments and Netting) in the same format provided in the Company's response to Consumer Advocate DR No. 2-29 in TPUC Docket No. 24-00036.

**RESPONSE:**

- 1-2.** Revenue Conversion Factor. Refer to the Company File <1-12\_Lead Schedules.xlsx>, Tab "11-RevCnvsn" that was included with the Company's filing. Specifically refer to Cell K19 of this spreadsheet that contains the Revenue Conversion Factor for the Uncollectible Ratio component. This factor should be rounded to 6 digits consistent with the other factors on this Schedule, which then causes a change in the calculation. Provide an updated Revenue Conversion Factor calculation that appropriately rounds the value in this cell.

**RESPONSE:**

- 1-3.** Depreciation Expense. Refer to the Company File <Schedule 14\_Depreciation Expense.xlsx>, Tab "Schedule 14.3" that was included with the Company's filing and provide the following information:
- a. Provide the source and support for the amounts included in Columns D, E, and F regarding Plant Balance, Allocated Book Reserve, and Theoretical Reserve that appear as unreferenced hard-coded amounts.
  - b. Provide a narrative explanation of the "Allocated Book Reserve" and Theoretical Reserve amounts included in Columns E and F on this spreadsheet.
  - c. Provide the source and support for the 4-year amortization period included in Column H that appears as unreferenced hard-coded amounts.
  - d. Identify the location within the current ARM filing (if any) where the Company takes into consideration the amounts included within the "Assets with Age > Average Service Life", and "Annual Amortization %" in Columns J and K that appear as unreferenced hard-coded amounts.

**RESPONSE:**

- 1-4.** Incentive Compensation. Refer to the Company File <Schedule 15\_CWIP 13 Month Avg Bal.xlsx>, Tab “2023 Cumulative Adjustment” that was included with the Company’s filing. Specifically refer to Cell C26 of this spreadsheet which contains a value of \$34,785 as a depreciation adjustment related to incentive compensation. Explain why the Company does not carry this depreciation adjustment to Schedule 14. If the Company believes that this omission is an error, then provide an updated ARM calculation.

**RESPONSE:**

- 1-5.** Incentive Compensation. Refer to the Company File <Schedule 15\_CWIP 13 Month Avg Bal.xlsx>, Tab “Schedule 15.1” that was included with the Company’s filing. Specifically refer to the amounts included on Rows 13-17 and 30-31 of this spreadsheet which show the monthly data for different Resource Type IDs and provide the following information:
- a. Identify and provide the source and support for this data in a format similar to the Company’s response to Consumer Advocate DR No. 2-7 in TPUC Docket No. 24-00036; and
  - b. Provide a reconciliation of these amounts with the Company’s trial balance schedules.

**RESPONSE:**

- 1-6.** Accumulated Deferred Income Taxes. Refer to the Company File <Schedule 18\_ADIT 13 Month Avg Bal.xlsx>, Tab “Schedule 18.0” that was included with the Company’s filing and provide the following information:
- a. Provide a reconciliation of the ADIT balance at December 31, 2023, of \$183,842,634 with the December 31, 2023, balance of \$155,665,230 that was used in TPUC Docket No. 24-00036.

- b. Provide a reconciliation of the Pension/OPEB balance at December 31, 2023, of \$-5,632,738 with the December 31, 2023, balance of \$-5,125,350 that was used in TPUC Docket No. 24-00036.
- c. Provide a reconciliation of the Incentive Compensation balance at December 31, 2023, of \$185,175 with the December 31, 2023, balance of \$168,495 balance that was used in TPUC Docket No. 24-00036.

**RESPONSE:**

- 1-7.** Accumulated Deferred Income Taxes. Refer to the Company File <Schedule 18\_ADIT 13 Month Avg Bal.xlsx> that was included with the Company’s filing. Provide the “DBR” detail spreadsheet that supports the December 2023 ADIT amounts.

**RESPONSE:**

- 1-8.** Accumulated Deferred Income Taxes. Refer to the Company File <Schedule 18\_ADIT 13 Month Avg Bal.xlsx>, Tab “Schedule 18.0” that was included with the Company’s filing. Specifically refer to Column D of this spreadsheet that contains the amounts for the “Federal Protected EDIT and Regulatory Liabilities.” Provide the missing Regulatory Liability supporting spreadsheets for February 2024, April 2024, May 2024, July 2024, August 2024, and October 2024 which are included here as unreferenced hard-coded numbers.

**RESPONSE:**

- 1-9.** Accumulated Deferred Income Taxes. Refer to the Company File <Schedule 18\_ADIT 13 Month Avg Bal.xlsx >, Tab “D DBR – Statutory Proforma-TN” that was included with the Company’s filing. Specifically refer to Cells A448 to I460 of this spreadsheet which contain the component details for the Regulatory Liability section of ADIT for

December 2024. However, the individual component amounts in this detail refer to other sources that are not included with the Company's filing. Provide the source and support for the Regulatory Liability components of ADIT by month from December 2023 to December 2024.

**RESPONSE:**

**1-10.** Accumulated Deferred Income Taxes. Refer to the Company File <Schedule 18\_ADIT 13 Month Avg Bal.xlsx>, Tab "D DBR – Statutory Proforma-TN" that was included with the Company's filing. Specifically refer to Cells A444 to I446 of this spreadsheet which contain the component details for the Other Included Adjustments section of ADIT for December 2024. However, the individual component amounts in this detail refer to other sources that are not included with the Company's filing. Provide the source and support for the Other Included Adjustment components of ADIT by month from December 2023 to December 2024.

**RESPONSE:**

**1-11.** Revenues. Refer to the Company File <Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contract.xlsx>, Tab "Schedule 21.0", that was included with the Company's filing. Specifically refer to Cells D39 to V39 regarding the amounts for "TN ARM Revenue catch up based." Identify and provide the source and support for the formula components used in these cells.

**RESPONSE:**



**1-12.** Revenues. Refer to the Company File <Schedule 22A&B Annual Base Rate Reset Revenues PARTIALLY CONFIDENTIAL.xlsx>, Tab “Schedule 22A&B.10 Billing Rates” that was included with the Company’s filing regarding the billing rates by component for each rate schedule that was effective on May 1, 2025. Provide a copy of the Company’s effective monthly component billing rates in this same format by month from December 2023 to April 2025.

**RESPONSE:**

**1-13.** Revenues. Refer to the Company File <Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contract.xlsx>, Tab “Schedule 21.1”, that was included with the Company’s filing. Specifically refer to Cells B48 to M48 of this spreadsheet regarding the “Per Rate Sheet” amounts. Provide a copy of the “Per Rate Sheets” by month from December 2023 to December 2024 for all rate schedules that support the rates in these cells.

**RESPONSE:**

**1-14.** Revenues. Refer to the Company File <Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contract.xlsx>, Tab “Schedule 21.1”, that was included with the Company’s filing. Specifically refer to Cells B74 to M74 of this spreadsheet regarding the “Weather Normalization Adjustment (WNA)” Revenues. Provide the source and support for the amounts included here and for other rate schedules that appear as unreferenced, hard-coded amounts.

**RESPONSE:**

- 1-15. Revenues.** Refer to the Company File <Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contract.xlsx>, Tab “Schedule 21.1”, that was included with the Company’s filing. Specifically refer to Cells B91 to M91 of this spreadsheet regarding the Unbilled Dt Usage by Month (line identified as “Dts”). Provide the source and support for the amounts included here and for other rate schedules that appear as unreferenced, hard-coded amounts.

**RESPONSE:**

- 1-16. Revenues.** Refer to the Company File <Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contract.xlsx>, Tab “Schedule 21.1”, that was included with the Company’s filing. Specifically refer to Cells B106 to M106 of this spreadsheet regarding the Unbilled “Weather Normalization Adjustment (“WNA”)” Revenues. Provide the source and support for the amounts included here and for other rate schedules that appear as unreferenced, hard-coded amounts.

**RESPONSE:**

- 1-17. Revenues.** Refer to the Company File <Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contract.xlsx>, Tab “Schedule 21.1”, that was included with the Company’s filing. Specifically refer to Cells B120 to M120 of this spreadsheet regarding the Reversal Unbilled DT Usage by Month (line identified as “Dts”). Provide the source and support for the amounts included here and for other rate schedules that appear as unreferenced, hard-coded amounts.

**RESPONSE:**

**1-18.** Revenues. Refer to the Company File <Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contract.xlsx>, Tab “Schedule 21.1”, that was included with the Company’s filing. Specifically refer to Cells B131 to N131 of this spreadsheet regarding the total adjustments to the reversal of unbilled revenue (line identified as “Total Adjustment Factor”). Explain why the Company excluded the January 2024 amounts from this calculation.

**RESPONSE:**

**1-19.** Revenues. Refer to the Company File <Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contract.xlsx>, Tab “Schedule 21.1”, that was included with the Company’s filing. Specifically refer to Cells B133 to N133 of this spreadsheet regarding the total billing for the reversal of unbilled revenue (line identified as “Billing Rate”). Explain why the Company excluded the January 2024 amounts from this calculation.

**RESPONSE:**

**1-20.** Revenues. Refer to the Company File <Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contract.xlsx>, Tab “Schedule 21.1”, that was included with the Company’s filing. Specifically refer to Cell B135 of this spreadsheet regarding the unbilled reversal of the January 2024 Weather Normalization Adjustment (WNA Revenue) for \$-1,397,989. Provide the source and support for the amount included here and for other rate schedules that appear as an unreferenced, hard-coded amount.

**RESPONSE:**

- 1-21. Revenues.** Refer to the Company File <Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contract.xlsx>, Tab “Schedule 21.8”, that was included with the Company’s filing regarding Other Revenues. Provide a narrative description of the following categories that are used here:
- a. Performance Incentive Plan (IPA) Reclass;
  - b. Rate Case Rider Reclass;
  - c. Reclass Entry for the Gross-Up Portion of the Rate Case Rider;
  - d. TN ARM Revenue Catch-up Based;
  - e. TN ARM Rider Rate Reclass; and
  - f. TN WNA 2022-2023 Audit Findings.

**RESPONSE:**

- 1-22. Revenues.** Refer to the Company File <Schedule 22A&B Annual Base Rate Reset Revenues PARTIALLY CONFIDENTIAL.xlsx>, Tab “Schedule 22A&B.5 Tariff Lg General” that was included with the Company’s filing regarding the 2024 monthly usage for Rate Schedule 303. Provide a narrative explanation for the large swings in usage for this tariff in May and June of 2024.

**RESPONSE:**

- 1-23. Revenues.** Refer to the Company File <Schedule 22A&B Annual Base Rate Reset Revenues PARTIALLY CONFIDENTIAL.xlsx>, Tab “Schedule 22A&B.7 MMA CONFIDENTIAL” that was included with the Company’s filing and provide the following information:
- a. Provide a copy of the Commission Order specifically approving the minimum margin amounts for each customer on this spreadsheet; and

- b. Provide a copy of the Minimum Margin Agreement contract with each customer on this spreadsheet.

**RESPONSE:**

**1-24. Revenues.** Refer to the Company File <Schedule 23\_Annual Base Rate Reset Other Revenues.xlsx>, Tab “Schedule 23.1” that was included with the Company’s filing. This spreadsheet contains the monthly amounts for the Home Protection Plan Revenues that total to \$2,515,026 for 2024. Provide the source and support for the monthly amounts included on this schedule that appear as unreferenced hard-coded amounts in the same format as the response to Consumer Advocate DR No. 1-13 in TPUC Docket No. 24-00036.

**RESPONSE:**

**1-25. Revenues.** Refer to the Company File <Schedule 23\_Annual Base Rate Reset Other Revenues.xlsx>, Tab “Schedule 23.2” that was included with the Company’s filing. Specifically, refer to Cell AB42 which shows NSF Revenue of \$52 for January - June of 2024 and provide the following information:

- a. Confirm that the Company had no NSF Revenue for July 2024 - December 2024 as indicated by this data; and
- b. Reconcile the monthly revenue received with the Company's tariff rate for NSF charges.

**RESPONSE:**

**1-26. Revenues.** Refer to the Company File <Schedule 23\_Annual Base Rate Reset Other Revenues.xlsx>, Tab “Schedule 23.2” that was included with the Company’s filing.

Specifically, refer to Cell AB27 which shows Miscellaneous Revenue of \$15,740 and provide the following information:

- a. Confirm that the Company had no Miscellaneous Revenue for July 2024 and October - December 2024 as indicated by this data; and
- b. Reconcile the monthly revenue received with the Company's tariff rate for Miscellaneous charges.

**RESPONSE:**

**1-27. Rate Design.** Refer to the Company File <Schedule 24, 25, 26, 28 Billing Determinants, Proposed Revenues & Rates, WNA.xlsx>, Tab “Schedule 26.2” that was included with the Company’s filing. Specifically, refer to Cells L58 to L61 and Cells L95 to L98 which contain the Company’s proposed margin rates for large industrial customers. The Company's proposed rate design results in rate change variances between the different usage steps as shown below:

<b>Tariff/Usage</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Proposed Increase</b>	<b>Percentage Increase</b>
<b>Rate Schedules 303 &amp; 313:</b>				
First 1,500 Dth/Month	\$2.5652	\$2.7423	\$0.1771	6.90%
Next 2,500 Dth/Month	2.2832	2.4099	0.1267	5.55%
Next 5,000 Dth/Month	1.5391	1.5629	0.0238	1.55%
Over 9,000 Dth/Month	1.1800	1.2560	0.0760	6.44%
<b>Rate Schedules 304 &amp; 314:</b>				
First 1,500 Dth/Month	\$1.7493	\$1.8240	\$0.0747	4.27%
Next 2,500 Dth/Month	1.4694	1.7072	0.2378	16.18%
Next 5,000 Dth/Month	1.1196	1.1200	0.0004	0.04%
Over 9,000 Dth/Month	0.4626	0.4631	0.0005	0.11%

Provide a narrative explanation of the Company's rationale for proposing differing percentage increases to industrial usage rates.

**RESPONSE:**

- 1-28.** Heating Degree Days. Refer to the Company File <Schedule 27 Normal Heating Degree Days.xlsx>, Tab “Schedule 27.1” that was included with the Company’s filing. Provide the source and support for the 2024 daily heating degree days used in Column AE of this spreadsheet.

**RESPONSE:**

- 1-29.** Billing Determinants. Refer to the Company File <Schedule 21 Revenue Components by Rate Schedule & Special Contract.xlsx>, Tab “Schedule 21.1” that was included with the Company’s filing. Specifically refer to Cells H52 to I52 of this spreadsheet which contain residential customer counts of 184,691 and 183,339 for July and August of 2024. Next refer to the File <Schedule 22A&B Annual Base Rate Reset Revenues PARTIALLY CONFIDENTIAL.xlsx>, Tab “Sch 22A&B.1 Residential 301” that was also provided with the Company’s filing. Specifically refer to Cells C18 to C19 which contain residential customer counts of 184,062 and 184,691 for July and August of 2024. Provide a reconciliation of the differences between the referenced amounts in these two spreadsheets.

**RESPONSE:**

- 1-30.** Salary & Wages. Refer to the Company File <Schedule 30 Employee Salaries and Wages Expense.xlsx>, Tab “Schedule 30.2” that was included with the Company’s filing. Specifically refer to Columns AD, AI and AJ of this spreadsheet which contain the “Monetary Amounts”, “TN %”, and “TN Amount” fields that total to \$19,462,343 in Tennessee Labor Expense. The Consumer Advocate needs to confirm that the amounts included on this spreadsheet are complete and correct. Therefore, provide a reconciliation

of the amounts included on this spreadsheet with the amounts included on the Company's trial balance.

**RESPONSE:**

**1-31. Incentive Compensation.** Refer to the Company File <Schedule 31 Short Term Incentive Comp Adj.xlsx>, Tab "Schedule 31.1" that was included with the Company's filing. Specifically refer to Columns AD, AI and AJ of this spreadsheet which contain the "Monetary Amounts", "TN %", and "TN Amount" fields that total to \$1,134,927 in Tennessee Short-Term Incentive Compensation Expense. The Consumer Advocate needs to confirm that the amounts included on this spreadsheet are complete and correct. Therefore, provide a reconciliation of the amounts included on this spreadsheet with the amounts included on the Company's trial balance.

**RESPONSE:**

**1-32. Incentive Compensation.** Refer to the Company File <Schedule 32 Long Term Incentive Comp Adj.xlsx>, Tab "Schedule 32.1" that was included with the Company's filing. Specifically refer to Columns AD, AI and AJ of this spreadsheet which contain the "Monetary Amounts", "TN %", and "TN Amount" fields that total to \$817,123 in Tennessee Long-Term Incentive Compensation Expense. The Consumer Advocate needs to confirm that the amounts included on this spreadsheet are complete and correct. Therefore, provide a reconciliation of the amounts included on this spreadsheet with the amounts included on the Company's trial balance.

**RESPONSE:**



**1-33. Allocated Return on DEBS Assets.** Refer to the Company File <Schedule 35 Expense for Allocated Return on DEBS Assets>, Tab “Schedule 35.1” that was included with the Company’s filing and provide the following information:

- a. Provide the source and support for the 2024 monthly DEBS Inventory Balances, DEBS Pension Balances, and DEBS PP&E Balances included in Column C of this spreadsheet.
- b. Provide a copy of the DEBS Trial Balance for each month of 2024, and provide a reconciliation from these monthly Trial Balance schedules to the Inventory, Pension and PP&E balances included in this spreadsheet.
- c. Provide the source and support for the PNG allocations of 6.93% for Inventory, 6.22% for Pensions, and 6.93% for PP&E included in Column D of this spreadsheet.
- d. Explain, reconcile and provide the source and support for the variance in the PNG allocation percentage for PP&E of 6.93% on Schedule 35.1 and 6.36% for PP&E on Schedule 35.2.

**RESPONSE:**

**1-34. General.** Provide a sample copy of a Piedmont residential bill.

**RESPONSE:**

**1-35. Rate Design.** Refer to the Direct Testimony of Keith Goley, p. 7:12-15. He states “[g]enerally, the Company seeks to mitigate cross subsidization by gradually and simultaneously moving each customer class toward parity with the overall jurisdictional rate of return to avoid customer bill volatility.” Also, on p. 8, Mr. Goley states that Piedmont proposes to allocate the margin revenue increase of \$8,679,258 evenly across all applicable Rate Schedules such that the margin revenue percentage increase is the same for all the customer classes. This approach aligns with Piedmont’s rate design objectives and a gradual move toward parity. Define how Piedmont is using the word parity, and the

phrase “moving each customer class toward parity with the overall jurisdictional rate of return”.

**RESPONSE:**

**1-36.** Rate Design. Refer to the Direct Testimony of Keith Goley, p. 7. In Mr. Goley’s discussion of cross-subsidization and rates for each customer class, is Piedmont assessing the overall revenue and margin from each class or is it considering the individual components such as customer charge, delivery, etc.?

**RESPONSE:**

**1-37.** Rate Design. Explain how applying the increase evenly (on a percent basis) achieves the goal of “a gradual move toward parity.”

**RESPONSE:**

**1-38.** Rate Design. When applying the increase equally, is the increase applied evenly to all rate components in the Allocated Cost of Service in ARM Schedule No. 26A? If not, explain the different increases to the various components and the reasoning for the differences.

**RESPONSE:**

**1-39.** Rate Design. Is this a fully allocated cost study based on total accounting costs for the year? If not, explain how it differs from a fully allocated cost study.

**RESPONSE:**

**1-40.** Rate Design. Has Piedmont conducted a stand alone cost study for the individual customer classes?

**RESPONSE:**

**1-41. Rate Design.** Has Piedmont conducted a marginal (or incremental) cost study to identify the cost to connect each new customer in each class? If so, was this done for areas where the infrastructure already exists, where new infrastructure is required, or some combination?

**RESPONSE:**

**1-42. Rate Design.** Has Piedmont conducted a decremental cost study regarding the cost reduction for each customer that leaves the system?

**RESPONSE:**

**1-43. Revenue.** For each of the last 20 years, provide the usage, by class, and the number of customers per class. Provide the information for the total year and by winter and summer season.

**RESPONSE:**

**1-44. Revenue.** For the last 20 years, provide the scheduled rates for each customer class.

**RESPONSE:**

**1-45. Revenue.** Provide the revenue per customer class for each of the last 20 years.

**RESPONSE:**

**1-46.** [REDACTED]  
[REDACTED]:

a. [REDACTED] and [REDACTED]

b. [REDACTED]<sup>1</sup>

[REDACTED]

**RESPONSE:**

1-47. Expenses. [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]<sup>2</sup>

a. [REDACTED]

**RESPONSE:**

1-48. Expenses. [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

[REDACTED]” [REDACTED]

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<sup>1</sup> For the purposes of brevity, some of the details have been omitted.

<sup>2</sup> [REDACTED]

[REDACTED] in [REDACTED]

and:<sup>3</sup>

- a. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**RESPONSE:**

**1-49. ADIT/EADIT.** Refer to the Company’s response to Consumer Advocate DR No. 1-39 in the previous Piedmont ARM docket, TPUC Docket No. 24-00036. Respond to the following:

- a. Provide a copy of the Section 481(a) method change referenced in the response to DR No. 1-39(a);
- b. Identify the periods covered by the \$14,741,217 in reduced Repairs listed in DR No. 1-39(b). The response to part b of this DR simply indicates the extrapolation of results to “prior periods”;
- c. Identify whether the composite or Tennessee excise tax rate was used to quantify the related adjustments to ADIT referenced in response to DR No. 1-39(b);
- d. Identify the date(s) and amount(s) of ADIT adjustments made thus far as a result of the 481(a) Method changes;
- e. Provide the underlying calculations supporting the revised Repair Deduction calculation as a result of implementing the guidelines of the 2023 Natural Gas Safe Harbor provisions; and
- f. Based upon the adjustment period identified in (b) above, identify whether there are any implications on the characterization of Excess Accumulated Deferred Income Taxes (“EADIT”) as protected versus unprotected. If such re-characterization issues exist, what regulatory treatment is Piedmont proposing? If the Company doesn’t believe the recharacterization requires any unique

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<sup>3</sup> See Consumer Advocate excel file < [REDACTED] .

treatment, provide the reasoning for this conclusion, if such recharacterization exists.

**RESPONSE:**

**1-50. Installation.** Provide the number of service lines replaced by Piedmont in 2024, along with the average installation cost per service line.

**RESPONSE:**

**1-51. Installation.** Provide the miles of main installed by Piedmont in 2024 and the average installation cost per mile.

**RESPONSE:**

**1-52.** Provide a copy of [REDACTED] referenced in [REDACTED]  
[REDACTED]

**RESPONSE:**

**1-53.** Identify the [REDACTED] in [REDACTED] included in [REDACTED].

**RESPONSE:**

**1-54. Tax.** Regarding the Company's Franchise tax obligation respond to the following:

- a. Describe the implications of the repeal of the property measure of the Franchise Tax; and
- b. Is the Company eligible for Franchise Tax refunds for prior years? If so, provide the following:
  - i. Identify the credit applicable to each historic period associated with the Franchise Tax legislation;
  - ii. Status of the refund requests:

- iii. How such refunds were accounted for in 2024; and
- iv. The date and amount of any records to Franchise Tax Expense in 2024 or 2025 to date.

**RESPONSE:**

RESPECTFULLY SUBMITTED,



**SHILINA B. BROWN (BPR No. 020689)**

Senior Assistant Attorney General

**VANCE L. BROEMEL (BPR No. 011421)**

Senior Assistant Attorney General

Office of the Tennessee Attorney General

Consumer Advocate Division

P.O. Box 20207

Nashville, Tennessee 37202-0207

Phone: (615) 741-2357

Fax: (615) 741-1026

Email: [Shilina.Brown@ag.tn.gov](mailto:Shilina.Brown@ag.tn.gov)

Email: [Vance.Broemel@ag.tn.gov](mailto:Vance.Broemel@ag.tn.gov)

TPUC Docket No. 25-00036

*CA's 1<sup>st</sup> Set of Discovery Requests*

**CERTIFICATE OF SERVICE**

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

Paul S. Davison, Esq.  
Holland & Knight LLP  
511 Union Street, Suite 2700  
Nashville, TN 37219  
Email: [paul.davidson@hklaw.com](mailto:paul.davidson@hklaw.com)

Brian L. Franklin, Esq.  
McGuire Woods LLP  
201 North Tryon Street, Suite 3000  
Charlotte, NC 28202  
Email: [bfranklin@mcguirewoods.com](mailto:bfranklin@mcguirewoods.com)

James H. Jeffries IV, Esq.  
McGuire Woods LLP  
201 North Tryon Street, Suite 3000  
Charlotte, NC 28202  
Email: [jjeffries@mcguirewoods.com](mailto:jjeffries@mcguirewoods.com)

Mason E. Maney  
McGuire Woods LLP  
201 North Tryon Street, Suite 3000  
Charlotte, NC 28202  
Email: [mmaney@mcguirewoods.com](mailto:mmaney@mcguirewoods.com)

This the 5<sup>th</sup> day of June, 2025.



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**SHILINA B. BROWN**

Senior Assistant Attorney General