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Electronically Filed in TPUC Docket  
Room on June 20, 2025 at 6:36 p.m.

June 20, 2025

**VIA ELECTRONIC MAIL**  
**and Hand Delivery**

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

Re: **Petition of Piedmont Natural Gas Company, Inc. For Approval of its  
2025 Annual Review of Rates Mechanism Pursuant to Tenn. Code  
Ann. § 65-5-103(d)(6)  
Docket No. 25-00036**

Dear Chairman Jones:

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

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

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

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

June 20, 2025

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Sincerely yours,

HOLLAND & KNIGHT LLP

/s/ Paul S. Davidson

Paul S. Davidson

PSD:jv

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

CERTIFICATE OF SERVICE

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

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

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)

This the 20th day of June 2025.

/s/ Paul S. Davidson  
Paul S. Davidson

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**PIEDMONT NATURAL GAS COMPANY, INC.**  
**DOCKET NO. 25-00036**  
**CONSUMER ADVOCATE’S FIRST SET OF DISCOVERY REQUESTS**  
**DATE ISSUED: JUNE 5, 2025**  
**DATE DUE: JUNE 20, 2025**

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:** Please see Attachment CA DR 01-01 – Attachment Cons BS and Attachment CA DR 01-01 - Attachment Cons Inc Stmts.

**Name and title of responsible person:** Misty Lyons, Rates and Regulatory Strategy Manager.

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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**1-1 Attachments**

**Attachments Provided in Native Format**

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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:** Please see Attachment CA DR 1-2 - 1-12\_Lead Schedules\_Revised, Tab "11-RevCnvsn" for updated factors rounded to 6 digits.

In addition, the attached file has been updated to reflect corrections and revisions made based on responses to the following discovery requests:

CA DR 1-4 : Tab 9-IncStmnt

CA DR 1-25, 1-26 and 1-29: Tab 6A-Rev Summary

The impact of these changes flow through the remaining lead schedules as appropriate.

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

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

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- 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:**

- a. The source for Plant Balance and Allocated Book Reserve is from Company records (the Allocated reserve is per Company records at a functional level – see response to part b. for discussion of the reallocation of the actual book depreciation reserve to derive the allocated reserve). Please refer to Page 15 of

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129 in the depreciation study report, filed in the Tennessee Public Utility Commission depreciation study docket (24-00082), for a detailed discussion on the theoretical reserve. Please see the Attachment CA DR 1-3 - 3 State Accrual 2022 Final, which provides the requested information in native excel format. The specific information being requested can be found on the “2022 3 State TR Supplemental” Tab.

- b. The allocated book reserve is a reallocation of the functional book reserve based on the account level theoretical reserve calculation, and is used to reset, by function, the individual account reserves based on the current study life and net salvage parameters. Please see response to Part a. for discussion of the theoretical reserve.
- c. The basis of the four-year amortization period was selected so the “true-up” would be complete by the time of the next expected depreciation study and filing. It was discussed and agreed upon with the Company.
- d. The amounts noted in columns J and K are not taken into consideration in the current ARM filing.

The Assets whose age is greater than the stated average service life, will be retired from the Company books. Going forward amortized assets will be “auto-retired” from the books when they reach the approved average service life in

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accordance to FERC AR 15 requirements. The attached accrual file contains the calculations for the Amortization Rate % shown in column K.

**Name and title of responsible person:** Dane Watson, Partner, Alliance Consulting Group

**Name and title of preparer:** Dane Watson, Partner, Alliance Consulting Group

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-3 Attachment

Attachment Provided in Native Format

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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:** The Company inadvertently omitted the depreciation adjustment of \$34,785 related to the cumulative adjustment for CWIP on Schedule 15. Please see Attachment CA DR 1-04 - Schedule 14\_Depreciation Expense - Revised, updated to reflect the depreciation expense adjustment. Also, please note that the revised Lead Schedules included in response to CA DR 1-2 have been updated to reflect the update to Lead Schedule 14, herein.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-4 Attachment

Attachment Provided in Native Format

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- 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:**

- a. 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. Please see Attachment CA DR 1-5 - Schedule 15\_CWIP Support, for the supporting detail.
- b. Please see Attachment CA DR 1-5 - Pension Recon to Trial Balance for a reconciliation of pension costs to the Tennessee Allocated Income Statement.

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

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

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**1-5 Attachments**

**Attachments Provided in Native Format**

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- 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:** The Company submitted Proposed Modified ARM schedules for the 2024 TN ARM filing in TPUC Docket No. 24-00036. The Proposed Modified ARM Schedules reflected using the TN Statutory excise tax rate for ADIT, which was ultimately settled upon and approved for use in future TN ARM filings.

- a. Please see Attachment CA DR 1-06 and 1-07 - Proposed Modified ARM - Schedule 18\_ADIT. The December 31, 2023 ADIT balance is \$183,842,634

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and agrees to Schedule 18\_ADIT 13 Month Avg Bal.xlsx submitted in the 2025 TN ARM filing.

- b. Please see Attachment CA DR 1-06 and 1-07 - Proposed Modified ARM - Schedule 18\_ADIT. The December 31, 2023 Pension/OPEB balance is (\$5,632,738) and agrees to Schedule 18\_ADIT 13 Month Avg Bal.xlsx submitted in the 2025 TN ARM filing.
- c. Please see Attachment CA DR 1-6 and 1-7 - Proposed Modified ARM - Schedule 18\_ADIT. The December 31, 2023 Incentive Compensation balance is \$185,175 and agrees to Schedule 18\_ADIT 13 Month Avg Bal.xlsx submitted in the 2025 TN ARM filing.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-6 & 1-7 Attachment

Attachment Provided in Native Format

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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:** Please see Attachment CR DR 1-6, Attachment CA DR 1-06 and 1-07 - Proposed Modified ARM - Schedule 18\_ADIT, Tab "DBR Breakout Dec 23".

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

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-6 & 1-7 Attachment

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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:** Please see the supporting spreadsheet, Attachment CA DR 1-08 - Federal Protected EDIT and Regulatory Liabilities Support, for February 2024, April 2024, May 2024, July 2024, August 2024 and October 2024 balances.

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

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

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1-8 Attachment

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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:** The references in Cells A448 to I460 are to the composite rate calculations for Piedmont. This is the equivalent calculation that occurred before the TN ARM moved to the ADIT Statutory calculation. This tab is used for our NC/SC jurisdictions, where a composite rate is used for ADIT, while TN requires a separate calculation for ADIT at TN’s statutory rate. The amounts referenced on the composite calculation are being mimicked on the statutory calculation.

Please see the following DBR file Attachments using the composite rate for ADIT calculations for the months of:

- Attachment CA DR 1-09 - Piedmont - DBR by Jurisdiction to Regulatory - March 2024
- Attachment CA DR 1-09 - Piedmont - DBR by Jurisdiction to Regulatory - June 2024
- Attachment CA DR 1-09 - ADIT at Statutory Rates w Composite DBR Tab - Sept 2024
- Attachment CA DR 1-09 - ADIT at Statutory Rates w Composite DBR Tab - Nov 2024
- Attachment CA DR 1-09 - ADIT at Statutory Rates w Composite DBR Tab - Dec 2024

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Note that the December 2023 DBR file is included in Attachment CA DR 1-06 and 1-07 - Proposed Modified ARM - Schedule 18\_ADIT, specifically Attachment CA DR 1-7.

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

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

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1-9 Attachments

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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:** Please see response to CA DR 1-9 above. The references in Cells A444 to I446 are to the composite rate calculations for Piedmont. This is the equivalent calculation that occurred before the TN ARM moved to the ADIT Statutory calculation. This tab is used for our NC/SC jurisdictions, where a composite rate is used for ADIT, while TN requires a separate calculation for ADIT at TN’s statutory rate. The amounts referenced on the composite calculation are being mimicked on the statutory calculation.

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

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

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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:** Please see Attachment CA DR 1-11 - TN 2024 ARM HBP Recon Revenue Journal, for support of amounts in Cells D39 to V39 on Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contract.xlsx, Tab “Schedule 21.0.”

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

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

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1-11 Attachment

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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:** Please see Attachment CA DR 1-12 - Tennessee Rate Components for monthly billing rates by component from December 2023 to April 2025. Please note the following:

- Nov 2023 rates tab-effective Nov 2023 thru April 2024
- May 2024 rates tab-effective May 2024 thru Oct 2024
- Oct 2024 rates tab-effective Oct 2024
- Nov 2024 rates tab-effective Nov 2024 thru April 2025

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

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

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1-12 Attachment

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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:** Please see response and attachment to CA DR 1-12 for the support of the rates noted in Cells B48 to M48 for the applicable rate schedules.

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

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

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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:** Please see Attachment CA DR 1-14 - Jan - June 2024 158F Report and Attachment CA DR 1-14 - July - Dec 2024\_9041 Report for support for the Weather Normalization Adjustment in cells B74 to M74. Note that the reports are from the Company's Customer Billing systems (Jan-Jun: S2K and July-Dec: SAP).

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

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-14 Attachments

Attachments Provided Electronically

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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:** Please see the Attachment CA DR 1-15 - Unbilled Dt Usage for the monthly unbilled Dts by rate schedule.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-15 Attachment

Attachment Provided Electronically

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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:** Please see attachment provided in response to CA DR 1-15, for Unbilled Weather Normalization Adjustment revenues by rate schedule.

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

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

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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:** Please see the Attachment CA DR 1-17 - 12-23 Unbilled Revenue Calculation for the source of the January 2024 Unbilled Reversal DT Usage amount (cell B120).

The amounts in cells C120-M120 are unbilled reversal from the previous months Unbilled Dt Usage amounts. The amounts in those cells are linked to the Unbilled Dt Usage amounts in cells B91 to M91.

Please see the attachments provided in response to CA DR 1-15 for the support of the Unbilled Dt Usage amounts.

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

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

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1-17 Attachment

Attachment Provided Electronically

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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:** The formula in cell B131 Tab, "Schedule 21.1" of Schedule 21\_HPB Revenue Components by Rate Schedule & Special Contract.xlsx, was inadvertently omitted.

The formula has been updated; however, the update does not impact any additional calculations in the file. Please see a revised schedule in Attachment CA DR 1-18 - Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contract\_Revised.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-18 Attachment

Attachment Provided in Native Format

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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:** The formula in cell B133 Tab, "Schedule 21.1" of Schedule 21\_HPB Revenue Components by Rate Schedule & Special Contract.xlsx, was inadvertently omitted.

The formula has been updated; however, the update does not impact any additional calculations in the file. Please see attachment in response to CA DR 1-18.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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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:** Please see Attachment CA DR 1-20 - 2023-12 Unbilled Revenue Calculation for the support of the January 2024 Weather Normalization Adjustment (cell B135) for the applicable rate schedules.

**Name and title of responsible person:** Misty Lyons, Rates & Regulatory Strategy Manager\_

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-20 Attachment

Attachment Provided Electronically

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- 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:** The Company will meet with representatives from the Consumer Advocate Division to discuss questions and will follow up with the response.

**Name and title of responsible person:** Misty Lyons, Rates & Regulatory Strategy Manager and Conitsha Barnes, Director Gas Rates & Regulatory Strategy

**Name and title of preparer:** Misty Lyons, Rates & Regulatory Strategy Manager and Conitsha Barnes, Director Gas Rates & Regulatory Strategy

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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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:** The large swing in the May and June usage for Rate Schedule 303 in Schedule 22A&B Annual Base Rate Reset Revenues, Tab "Schedule 22A&B.5 Tariff Lg General" was due to a billing issue identified after billings were finalized. In this scenario, accrual adjustments were recorded in May and reversed in June for the billing issue.

**Name and title of responsible person:** Melissa Babbidge, Manager Accounting

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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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:** The attached confidential contracts do not require Tennessee Public Utility Commission approval, as the associated customers are serviced under a tariff rate schedule, therefore the contracts were not filed with TPUC for approval.

Copies of the Minimum Margin Agreements and the Construction True-Up letters are attached.

**Name and title of responsible person:** Elizabeth Paynter, Managing Director of Planning, Investment and Asset Operations

**Name and title of preparer:** Sharon Middleton, Manager, Sales & Business Planning

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-23 Attachments

Confidential Attachments Filed Under Seal

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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:** Please see Attachment CA DR 1-24 - Home Protection Plan Revenues for HPP Revenue support.

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

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

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1-24 Attachment

Attachment Provided in Native Format

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- 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:**

- a. Non-Sufficient Funds Revenue was incorrectly labeled as Miscellaneous Revenues in Schedule 23\_Annual Base Rate Reset Other Revenues submitted by the Company in the ARM filing.

Please see the Attachment CA DR 1-25 - Schedule 23\_Annual Base Rate Reset Other Revenues\_Revised, for the revised Non-Sufficient Funds Revenue label and total.

Beginning in July 2024 with the implementation of the SAP customer information system, Non-Sufficient Funds revenue was recorded in general

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ledger account 0417000, a below the line account. The Company is only seeking to recover the NSF revenues reclassified to 0488000 post SAP implementation as noted in the detail on Tab Schedule 23.2.

- b. The Company's tariff rate for NSF charges is \$20, which aligns with the total revenue for the year being a number divisible by 20.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-25 Attachment

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- 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:**

- a. Miscellaneous Revenue was incorrectly labeled as Non-Sufficient Funds Revenue in Schedule 23\_Annual Base Rate Reset Other Revenues submitted by the Company in the ARM filing.

See the attachment in response to CA DR 1-25 for the revised Miscellaneous Revenue label and total.

- b. The Company does not have a tariff rate for Miscellaneous Charges.

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

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

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- 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:** Based on the results of the Allocated Cost of Service Study and Piedmont’s rate design objectives, the Company is proposing to allocate the proposed revenue increase evenly across all applicable rate schedules such that the margin revenue percentage increase is the same for all rate schedules.

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This allocation of the proposed revenue increase results in target revenues for each applicable rate schedule, which drives a corresponding rate adjustment for each applicable rate schedule. A combination of factors, including customer bills and customer usage upon which the Company must spread the target revenues at the various steps dictate these rate adjustments.

The rates proposed by Piedmont in this proceeding achieve its intended rate design objectives by applying the revenue increase evenly across the applicable rate schedules such that the proposed rates recover the target revenues allocated to each applicable rate schedule.

**Name and title of responsible person:** Keith Goley, Lead Rates & Regulatory Strategy Analyst\_\_

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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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:** Please see Attachment CA DR 1-28 - Heating Degree Days Support for the source and support of the 2024 daily heating degree days.

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

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

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1-28 Attachment

Attachment Provided in Electronically

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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:** The Customer Count for July 2024 and August 2024 should be 184,062 and 184,691, respectively as noted on Schedule 22A&B Annual Base Rate Reset Revenues, Tab "Sch 22A&B.1 Residential 301".

The July and August totals on Schedule 21 Revenue Components by Rate Schedule & Special Contract, Tab "Schedule 21.1", were entered in error. The aforementioned customer counts have been updated to reflect the correct amounts.

Please see the attachment in response to CA DR 1-18 for a revised Revenue Components by Rate Schedule & Special Contract, Tab "Schedule 21.1".

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

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

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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:** The amount shown on Schedule 30.2 was sourced from the Company's general ledger using code block detail to identify labor expense.

The Attachment CA DR 1-30 - Salary & Wages, Tab “Summary by Resource Type”, reconciles that the Tennessee Labor Expense amount shown on Schedule 30.2 is a component of the total Tennessee Allocated O&M expense on the Company's 2024 trial balance.

**Name and title of responsible person:** Brad Evans, Manager, Rates and Regulatory

**Name and title of preparer:** Brad Evans, Manager, Rates and Regulatory

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

The Attachment CA DR 1-31 - Short-Term Incentives, tab "Totals by Resource Type", reconciles that the 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 2024 trial balance.

**Name and title of responsible person:** Brad Evans, Manager, Rates and Regulatory

**Name and title of preparer:** Brad Evans, Manager, Rates and Regulatory

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-31 Attachment

Attachment Provided in Native Format

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

The Attachment CA DR 1-32 - Long-Term Incentive, Tab "Totals by Resource Type", reconciles that the Tennessee Short-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 2024 trial balance.

**Name and title of responsible person:** Brad Evans, Manager, Rates and Regulatory

**Name and title of preparer:** Brad Evans, Manager, Rates and Regulatory

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-32 Attachment

Attachment Provided in Native Format

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- 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:**

- a. The source and support for the monthly balances can be found on the monthly journal entry support files. Each file has been uploaded to their respective folders (Inventory Return Support - DEBS Inventory Balances, Pension Return

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Support - DEBS Pension Balances, and PPE Return Support - DEBS PPE Balances).

- b. A copy of the DEBS trial balance for each month of 2024 can also be found in the attached support and each inventory balance highlighted. (Note: The balances may not tie exactly to the journal entry support files due to timing of when the return entry is booked each month during the month-end close process). Also see footnote 1 in Schedules 35.1 and 35.2 regarding PPE balances.
- c. PNG allocations of 6.93% source is the 2025 Svc Co Cost Allocation Rate Schedule for CAM for both Inventory and PP&E, while the 6.22% is provided by the 2024 DEBS Labor Allocation. Screenshots of these sources can also be found in the journal entry support files.
- d. A revised version labeled Schedule 35 - Expense for Allocated Return on DEBS Assets 2024\_Revised has been uploaded with the correct rates that should have been used.

**Name and title of responsible person:** Rebekah Buck, Director, Accounting

**Name and title of preparer:** Deidra Power, Lead Accounting Analyst

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-33 Attachments

Attachments Provided in Native Format

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

**RESPONSE:** Please see CONFIDENTIAL Attachment CA DR 1-34 - Residential Bill\_610000037138\_Redacted, for copy of bill sample.

**Name and title of responsible person:** Conitsha Barnes, Director Gas Rates & Regulatory Strategy

**Name and title of preparer:** Doug Templeton, Sr. Rates & Regulatory Strategy Analyst

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-34 Attachment

Confidential Attachment Filed Under Seal

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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:** Piedmont's use of the word "parity," in this context, refers to the alignment of rates of return provided by each rate class with Piedmont's overall jurisdictional rate of return.

In this case, the ABRR rates are designed to achieve an overall rate of return of 6.95%. Ideally, Piedmont's rate design would result in a 6.95% rate of return for each rate class. While other competing rate design objectives, such as gradualism, may prevent Piedmont from designing rates that result in a perfect 6.95% rate of return for all rate classes, the ABRR rates designed by Piedmont show a closer alignment to Piedmont's overall rate of return than the rates of return achieved by each rate class before the proposed rate adjustment.

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Table 2 in the Direct Testimony of Keith Goley illustrates the rate of return index for each rate class, indicating each rate class’s gradual move toward the overall jurisdictional rate of return after the proposed rate adjustment.

**Name and title of responsible person:** Keith Goley, Lead Rates & Regulatory Strategy Analyst

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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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:** Piedmont considers all rate components in developing its rate design.

**Name and title of responsible person:** Keith Goley, Lead Rates & Regulatory Strategy Analyst

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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

**RESPONSE:** Applying the increase evenly may not always achieve the Company's goal of a gradual move toward parity. In this case, however, applying the increase evenly across all rate schedules brings the rate of return for each rate class closer to the overall jurisdictional rate of return, thus achieving this goal.

**Name and title of responsible person:** Keith Goley, Lead Rates & Regulatory Strategy Analyst

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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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:** The Allocated Cost of Service Study applies the rate increase across each rate schedule, it does not apply the increase to all individual rate components.

Based on the results of the Allocated Cost of Service Study and Piedmont’s rate design objectives, the Company is proposing to allocate the proposed revenue increase evenly across all applicable rate schedules such that the margin revenue percentage increase is the same for all rate schedules. This allocation of the proposed revenue increase results in target revenues for each applicable rate schedule, which drives a corresponding rate adjustment for each applicable rate schedule. A combination of factors, including customer bills and customer usage upon which the Company must spread the target revenues at the various steps dictate these rate adjustments.

The rates proposed by Piedmont in this proceeding achieve its intended rate design objectives by applying the revenue increase evenly across the applicable rate schedules such that the proposed rates recover the target revenues allocated to each applicable rate schedule. \_\_

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**Name and title of responsible person:** Keith Goley, Lead Rates & Regulatory Strategy Analyst

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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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:** Piedmont's Allocated Cost of Service study is based on all expenses and revenues, after adjustments made for the Historic Base Period.

The cost of service study conducted by Piedmont in this proceeding is attached to the Company's May 20, 2025 TN ARM Filing as Schedule 26A.

**Name and title of responsible person:** Keith Goley, Lead Rates & Regulatory Strategy Analyst

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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

**RESPONSE:** Piedmont did not conduct a stand-alone cost study for this proceeding. The cost of service study conducted by Piedmont in this proceeding is attached to the Company's May 20, 2025, TN ARM Filing as Schedule 26A.

**Name and title of responsible person:** Keith Goley, Lead Rates & Regulatory Strategy Analyst

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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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:** Piedmont did not conduct a marginal cost study in this proceeding. The cost of service study conducted by Piedmont in this proceeding is attached to the Company's May 20, 2025, TN ARM Filing as Schedule 26A.

**Name and title of responsible person:** Keith Goley, Lead Rates & Regulatory Strategy Analyst

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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

**RESPONSE:** Piedmont did not conduct a decremental cost study in this proceeding. The cost of service study conducted by Piedmont in this proceeding is attached to the Company's May 20, 2025, TN ARM Filing as Schedule 26A.

**Name and title of responsible person:** Keith Goley, Lead Rates & Regulatory Strategy Analyst

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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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:** Please see Attachment CA DR 1-43 - Customer Count and Usage History.

Please note that monthly volumes were not available for November 2005 through August 2006. As a supplement, the yearly volumes (in dekatherms) were provided by rate schedule for 2005 and 2006.

**Name and title of responsible person:** Conitsha Barnes, Director Rates & Regulatory Strategy

**Name and title of preparer:** Doug Templeton, Sr. Rates & Regulatory Strategy Analyst

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-43 Attachment

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

**RESPONSE:** Please see Attachment CA DR 1-44 - Tennessee Rate Components for scheduled rates for each customer class from 2006 - 2024.

**Name and title of responsible person:** Conitsha Barnes, Director Rates & Regulatory Strategy

**Name and title of preparer:** Doug Templeton, Senior Rates & Regulatory Strategy Analyst

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-44 Attachment

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

**RESPONSE:** Please see Attachment CA DR 1-45 - Revenue per customer class history.

**Name and title of responsible person:** Conitsha Barnes, Director Rates & Regulatory Strategy

**Name and title of preparer:** Doug Templeton, Senior Rates & Regulatory Strategy Analyst

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1-45 Attachment

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- 1-46. [REDACTED]
- [REDACTED]:
- a. [REDACTED]
- [REDACTED] and
- b. [REDACTED]
- [REDACTED]
- [REDACTED]<sup>1</sup>
- [REDACTED]

**RESPONSE:**

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

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

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**Name and title of responsible person:** Brad Evans, Manager, Rates and Regulatory

**Name and title of preparer:** Brad Evans, Manager, Rates and Regulatory

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-46 Attachment

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1-47. Expenses. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].<sup>2</sup>

a. [REDACTED]

[REDACTED].

**RESPONSE:**

2 [REDACTED]

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[REDACTED]

[REDACTED]

**Name and title of responsible person:** Brad Evans, Manager, Rates and Regulatory

**Name and title of preparer:** Brad Evans, Manager, Rates and Regulatory

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-47 Attachment

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1-48. [REDACTED]  
[REDACTED]” [REDACTED]  
[REDACTED] in [REDACTED]  
and:<sup>3</sup>  
a. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**RESPONSE:**

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

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

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Name and title of responsible person:** Brad Evans, Manager, Rates and Regulatory

**Name and title of preparer:** Brad Evans, Manager, Rates and Regulatory

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-48 Attachment

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- 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?

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If the Company doesn't believe the recharacterization requires any unique treatment, provide the reasoning for this conclusion, if such recharacterization exists.

**RESPONSE:**

- a. Please see CONFIDENTIAL Attachment CA DR 1-49 - Attachment 1 of 2. The total amount on Form 3115 is \$195,498,569. TN's portion of this is \$14,741,217.
- b. The extrapolation to prior periods was 20 years.
- c. The response to TPUC Docket No. 24-00036 DR No. 1-39(b) of \$14,741,217 is a pre-tax number that has not yet been tax effected. For the TN ARM, the Tennessee excise tax rate was used to quantify the related adjustments to ADIT.
- d. As a result of the of the federal 481(a) Method changes, which will be straight-line amortized for four years over 2023-2026, in 2023, \$963,157 was booked to ADIT. In 2024, an additional \$963,157 was booked to ADIT. To date, as of December 2024, \$1,926,314 has been booked.
- e. Please see Attachment CA DR 1-49 - Attachment 2 of 2.
- f. There is no re-characterization of Excess Accumulated Deferred Income Taxes as a result of the adjustment for the NGSB implementation.

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**DATE DUE: JUNE 20, 2025**

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

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**DOCKET NO. 25-00036**  
**CONSUMER ADVOCATE'S FIRST SET OF DISCOVERY REQUESTS**  
**Date Issued: June 5, 2025**  
**Date Due: June 20, 2025**

1-49 Attachment

Confidential Attachment Filed Under Seal

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

**RESPONSE:** Please see Attachment CA DR 1-50 - Replacement Service Cost Per Mile\_2024.

The number of service lines replaced by Piedmont in 2024 is 241 and the average installation cost per service line is \$9,626.

**Name and title of responsible person:** Jaime Reynolds, Director, Natural Gas Financial Business Support

**Name and title of preparer:** Dale Graham, Lead Accounting Analyst

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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

**RESPONSE:** See Attachment CA DR 1-51 - Cost Per Main Mile\_2024. The miles of main installed is 32.58 and the average installation cost per mile is \$9,844.

**Name and title of responsible person:** Jaime Reynolds, Director, Natural Gas Financial Business Support\_

**Name and title of preparer:** Dale Graham, Lead Accounting Analyst

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

**RESPONSE:** [REDACTED]  
[REDACTED]

**Name and title of responsible person:** Amy Halferty, Director Market Research & Customer  
Insights

**Name and title of preparer:** Parker Rocco, Lead Strategy & Collaboration Manager

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-52 Response

Confidential Response Filed Under Seal

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

**RESPONSE:** [REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]

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

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

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**Name and title of responsible person:** Amy Halferty, Director Market Research & Customer Insights

**Name and title of preparer:** Parker Rocco, Lead Strategy & Collaboration Manager

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.

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1-53 Attachments

Confidential Response and Attachments Filed Under Seal

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- 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:** Piedmont has historically filed based on the property measure base of the TN franchise tax. The repeal of the property measure has resulted in the use of the net worth base for calculating franchise tax. There has been a decrease in franchise tax for tax return years 2020 forward, when compared to the franchise tax based on the property measure base, as those years had an open statute that allowed amended returns to be filed, consistent with TN Department Of Revenue guidance. The 2020 – 2022 franchise tax returns were amended to reflect the change in property tax base and a refund was received in 2024. The 2023 tax return was filed in 2024 using the net worth base.

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The TN franchise tax is allowed to be taken as a credit on the TN utilities gross receipts tax return, so the reduction in TN franchise tax expense results in a corresponding increase in the TN utilities gross receipts tax expense due to the decreased TN franchise tax credit against the TN utilities gross receipts tax.

Below is a breakout of the credit/refund for the TN franchise tax for each period:

- Tax Year 2020 – (1,923,014) – Refund received and booked to 408470 – Franchise Tax Expense/(Benefit) in 2024
- Tax Year 2021 – (1,880,760) – Refund received and booked to 408470 – Franchise Tax Expense/(Benefit) in 2024
- Tax Year 2022 – (2,112,218) – Refund received and booked to 408470 – Franchise Tax Expense/(Benefit) in 2024
- Tax Year 2023 – The accrual for this return would have been made in 2024, so any corresponding change to the liability due to the change in Franchise Tax base would also be captured in the 408470 – Franchise Tax Expense in 2024. \$1,590,307 was accrued/expensed in 2024 based on the 2023 Tax Return.
- Tax Year 2024 – The accrual for this return will occur in 2025 and the impacts of the change in Franchise Tax base would have been considered when the initial accrual was set-up for 2025, which uses the 2023 Tax Return as an estimate and will be trued-up to the

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2024 Tax Return once filed. Through May 2025, \$662,628 has been accrued for the TN Franchise Tax.

To summarize, for Franchise Tax, 2024 includes its typical accrual as well as all refunds from amended returns that resulted from the TN Franchise tax change related to the property measure base. 2025 YTD only includes its annual accrual, which is made monthly.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on June 20, 2025.