

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

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

This Second Set of Discovery Requests is hereby served upon Piedmont Natural Gas Company, Inc. (“Piedmont” or the “Company”), pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Advocate Division of the Office of the Attorney General (“Consumer Advocate”) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate Division, John Sevier Building, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o Shilina B. Brown on or before Monday, July 14, 2025, at 2:00 p.m. CST.

PRELIMINARY MATTERS AND DEFINITIONS

This Second Set of Discovery Requests incorporate by reference the same Preliminary Matters and Definitions as set forth in the Consumer Advocate’s First Discovery Request to Piedmont Natural Gas Company, Inc. sent to the Company on June 5, 2025, are to be considered continuing in nature, and are to be supplemented from time to time as information is received by the Company which would make a prior response inaccurate, incomplete, or incorrect.

SECOND SET OF DISCOVERY REQUESTS

2-1. Allocation Factors. Refer to the Company File <Schedule 44 Composite Factor.xlsx>, Tab “Schedule 44.2” that was included with the Company’s filing. Provide the source and support for the “O&M Labor” amounts shown in Column B of this spreadsheet in the same format as the Company’s Response to Consumer Advocate DR No. 2-24 in TPUC Docket No. 24-00036.

RESPONSE:

2-2. Allocation Factors. Refer to the Company File <Schedule 44 Composite Factor.xlsx>, Tab “Schedule 44.3” that was included with the Company’s filing. Provide the source and support for the “Gross Plant in Service” and “CWIP” amounts shown in Columns C and D of this spreadsheet in the same format as the Company’s Response to Consumer Advocate DR No. 2-25 in TPUC Docket No. 24-00036.

RESPONSE:

2-3. Allocation Factors. Refer to the Company File <Schedule 45_Net Plant Factor.xlsx>, Tab “Schedule 45.1” that was included with the Company’s filing. Provide the source and support for the “Plant in Service”, “Accumulated Depreciation and Amortization”, and “CWIP” amounts shown in Columns C, D and F of this spreadsheet in the same format as the Company’s Response to Consumer Advocate DR No. 2-26 in TPUC Docket No. 24-00036.

RESPONSE:

2-4. Plant Additions. Refer to the Company File <Schedule 52A UPIS Monthly Activity.xlsx>, Tab “3 State” that was included with the Company’s filing. Specifically refer to Cell AM14

of this spreadsheet which contains plant additions of \$105.4 million in July 2024 for Account 20315 – Misc Intangible Plant – 15yr, that previously had a \$0 balance. Provide a narrative explanation of the details for this plant addition along with the source and support for its entry.

RESPONSE:

2-5. CWIP. Refer to the Company File <Schedule 15_CWIP 13 Month Avg Bal.xlsx>, Tab “Schedule 15.0” that was included with the Company’s filing. Specifically refer to Cell D27 of this spreadsheet which shows a balance in “PNG Joint Property 3-State” on December 31, 2024, of \$28,910,868. Next, refer to the Company File <Schedule 39 – 41F Financial Reports 2024.xlsx>, Tab “40E-1 Piedmont Reg BS Detailed” that was included with the Company’s filing. Specifically refer to Cell G126 of this spreadsheet which shows a balance in “Construction in Progress” for the “PNG 3State” category on December 31, 2024, of \$28,875,591. Provide a reconciliation of these two amounts.

RESPONSE:

2-6. Accumulated Depreciation. Refer to the Company File <Schedule 16_Accum Depreciation 13 Month Avg Bal.xlsx>, Tab “Schedule 16.0” that was included with the Company’s filing. Specifically refer to Cell C25 of this spreadsheet which shows a balance in “Tennessee Direct” on December 31, 2024, of \$525,248,219. Next, refer to the Company File <Schedule 39 – 41F Financial Reports 2024.xlsx>, Tab “40E-1 Piedmont Reg BS Detailed” that was included with the Company’s filing. Specifically refer to Cell E142 of this spreadsheet which shows a balance in “Accumulated Depr Reg” for the

“PNG_TN_ALLOC” category on December 31, 2024, of \$391,483,244. Provide a reconciliation of these two amounts.

RESPONSE:

2-7. Accumulated Depreciation. Refer to the Company File <Schedule 16_Accum Depreciation 13 Month Avg Bal.xlsx>, Tab “Schedule 16.0” that was included with the Company’s filing. Specifically refer to Cell D25 of this spreadsheet which shows a balance in “PNG 3-State Joint Property” on December 31, 2024, of \$235,576,502. Next, refer to the Company File <Schedule 39 – 41F Financial Reports 2024.xlsx>, Tab “40E-1 Piedmont Reg BS Detailed” that was included with the Company’s filing. Specifically refer to Cell G142 of this spreadsheet which shows a balance in “Accumulated Depr Reg” for the “PNG_3STATE_TOT” category on December 31, 2024, of \$235,760,240. Provide a reconciliation of these two amounts.

RESPONSE:

2-8. Working Capital. Refer to the Company File <Schedule 52D Working Capital.xlsx>, Tab “Schedule 52.D.6” that was included with the Company’s filing. Specifically refer to footnote “(a)” of this spreadsheet which refers to a query on Accounts Payable to determine the allocation to CWIP. Provide a copy of this query that produces the allocation of accounts payable shown in Cells D35 to E39 of this spreadsheet in the same format as the Company’s Response to Consumer Advocate DR No. 2-9 in TPUC Docket No. 24-00036.

RESPONSE:

2-9. Deferred Depreciation. Refer to the Company File <Schedule 52E ARM Reg Asset_Deferred Depreciation Monthly Activity.xlsx>, Tab “Amortization Calculation”

that was included with the Company's filing. Specifically refer to Cell D11 of this spreadsheet that has a balance of \$4,031,908 for the "Portion applicable to deferred depreciation expense." Provide the source and support for this amount.

RESPONSE:

2-10. Deferred Depreciation. Refer to the Company File <Schedule 52E ARM Reg Asset_Deferred Depreciation Monthly Activity.xlsx>, Tab "Schedule 52E.1" that was included with the Company's filing. Specifically refer to Cell F9 of this spreadsheet that has a balance of \$297,501 for the January 2024 Deferred Depreciation Expense. The formula in this cell includes an unreferenced, hard-coded amount of \$251,130. Provide the source and support for this amount.

RESPONSE:

2-11. Deferred Depreciation. Refer to the Company File <Schedule 20 ARM Regulatory Asset 13 Month Avg Bal>, Tab "Schedule 20.0" spreadsheet that was included with the Company's filing. Specifically, refer to Column C of this spreadsheet that has a 13 Month Average Balance of \$2,274,175. Next, refer to the Company File <Schedule 52E ARM Reg Asset_Deferred Depreciation Monthly Activity.xlsx>, Tab "Schedule 52E.1" that was also included with the Company's filing. It is our understanding that the monthly amounts on these two spreadsheets should agree with each other. If this is not the case, then provide the source and support for the amounts included on the "Schedule 20.0" tab. If this is the case, then provide a reconciliation between these two spreadsheets.

RESPONSE:

2-12. Deferred Depreciation. Refer to the Company File <Schedule 52E ARM Reg Asset_Deferred Depreciation Monthly Activity.xlsx>, various monthly “Entry” Tabs that were included with the Company’s filing. Specifically, refer to Column E of these spreadsheets which contain the monthly plant additions for Tennessee Direct Plant. Next, refer to the Company File <Schedule 52A UPIS Monthly Activity.xlsx>, Tab “TN Direct” spreadsheet that was also included with the Company’s filing. Specifically refer to the “Additions” columns for the various months in this spreadsheet. Although the plant additions between these two spreadsheets agree in total for each month, they appear to disagree on monthly additions by account number, resulting in an incorrect calculation of depreciation expense. For example, on Cell E31 of the “January 2024 Entry” Tab, the Company shows plant additions in Account 27800 of \$7,653,194. However, in Cell C32 of the “TN Direct” tab, the Company shows plant additions of \$7,653,194 in Account 27600. Since these same amounts are included in different accounts, it appears that the incorrect depreciation rates have been applied. Provide an updated filing that appropriately reconciles the monthly plant additions by account for these two spreadsheets.

RESPONSE:

2-13. Deferred Depreciation. Refer to the Company File <Schedule 52E ARM Reg Asset_Deferred Depreciation Monthly Activity.xlsx>, various monthly “Entry” Tabs that were included with the Company’s filing. Specifically, refer to Column E of these spreadsheets which contain the monthly plant additions for 3-State Joint Plant. Next, refer to the Company File <Schedule 52A UPIS Monthly Activity.xlsx>, Tab “3 State” spreadsheet that was also included with the Company’s filing. Specifically refer to the “Additions” columns for the various months in this spreadsheet. Although the plant

additions between these two spreadsheets agree in total for each month, they appear to disagree on monthly additions by account number, resulting in an incorrect calculation of depreciation expense. For example, on Cell E61 of the “January 2024 Entry” Tab, the Company shows plant additions in Account 20303 of \$2,461,150. However, in Cell C11 of the “3 State” tab, the Company shows plant additions of \$2,461,150 in Account 20300. Since these same amounts are included in different accounts, it appears that the incorrect depreciation rates have been applied. Provide an updated filing that appropriately reconciles the monthly plant additions by account for these two spreadsheets.

RESPONSE:

2-14. Deferred Interest. Refer to the Company File <Schedule 52F ARM Reg Asset_Deferred Interest Monthly Activity.xlsx>, Tab “Plant Additions 2024” that was included with the Company’s filing. Specifically refer to Cell G73 of this spreadsheet that has a plant addition in Account 29103 for May 2024 of \$69,289. Next, refer to the Company File <Schedule 52A UPIS Monthly Activity>, Tab “3 State”, that was also included with the Company’s filing. Specifically refer to Cell AB26 of this spreadsheet which shows plant additions in Account 29103 for May 2024 to be \$0. Provide a reconciliation between these two schedules.

RESPONSE:

2-15. Deferred Interest. Refer to the Company File <Schedule 52F ARM Reg Asset_Deferred Interest Monthly Activity.xlsx>, Tab “Monthly Journal Entry” that was included with the Company’s filing. Specifically refer to Row 18 of this spreadsheet which contains the “Provision for ADIT adjustment for MACRS Year 2 Rates” calculations. Although each

cell of Row 18 refers to a specific spreadsheet tab, it appears that the source data has become corrupt and no longer produces valid results. Provide an updated source and support for these calculations.

RESPONSE:

2-16. A&G Expense. Refer to the Company File <Schedule 52P_Other Administrative and General Expense_CONFIDENTIAL.xlsx>, Tab “Schedule 52P” that was included with the Company’s filing. Specifically refer to Cell C20 of this spreadsheet which shows a \$ [REDACTED] adjustment to [REDACTED]. Next, refer to Company File <Schedule 37_Lobbying, Charitable Expense_CONFIDENTIAL.xlsx>, Tab “Schedule 52P Adj> that was also included with the Company’s filing. Specifically refer to Cell B10 which contains the “Adjustment to 52P” of [REDACTED]. Provide a reconciliation of these two schedules.

RESPONSE:

2-17. Lead/Lag Study. Refer to the Company File <Schedule 52U_Calculation of O&M Lag_CONFIDENTIAL.xlsx>, Tab “Schedule 52U.3” that was included with the Company’s filing. Specifically, refer to Cell AO57 of this spreadsheet which shows a \$ [REDACTED] adjustment to [REDACTED]. It appears that this amount was intended to be deducted from the recorded book amounts but was instead added to the book amounts. Provide a narrative explanation of the Company’s calculation along with an updated schedule.

RESPONSE:

2-18. EDIT Amortization. Refer to the Company File <Schedule 52X_Amortization of EDIT.xlsx>, Tab “Schedule 52X” that was included with the Company’s filing. Specifically refer to Column G which shows the “Amortization Rate” of 1.50% for Tennessee and 4.91% for 3-State Joint Plant. Provide the source and support for these amortization rates which are included here as unreferenced, hard-coded amounts.

RESPONSE:

2-19. ARM Reg Asset. Refer to the Company File <Schedule 52Z_Calculation of ARM Reg Asset Amortization Expense.xlsx>, Tab “Schedule 52Z.1” that was included with the Company’s filing and provide the following information:

- a. Specifically refer to Cell Q82 of this spreadsheet which should provide the total plant additions for Account 29700 for December 2023 to November 2024 but instead has a balance of \$0. Explain the Company’s rationale for this calculation. If this calculation is in error, then provide an updated schedule; and
- b. Specifically refer to Cell Q72 of this spreadsheet which includes \$138,377 for the total plant additions from December 2023 to November 2024 for Account 29103. It appears that the Company has duplicated the plant additions for April and May. Explain the Company’s rationale for this calculation. If this calculation is in error, then provide an updated schedule.

RESPONSE:

2-20. Permanent Tax Differences. Refer to the Company File <Schedule 52AA Permanent Tax Differences.xlsx>, Tab “Schedule 52AA” that was included with the Company’s filing. Specifically, refer to Column C of this spreadsheet that calculated the Permanent Tax Differences applicable to Tennessee. Provide the source and support for these amounts that appear as unreferenced hard-coded numbers. Please note that we are specifically looking for the support for how these amounts were calculated. The Company’s previous Response to this item in Consumer Advocate DR No. 2-40 in TPUC Docket No. 24-00036

did not adequately address this request. If the Company is unable to fully support these amounts, then provide a statement to that effect.

RESPONSE:

2-21. ARM Deferred Account Balance. Refer to the Company File <Schedule 52BB_ARM Reconciliation Deferred Account.xlsx>, Tab “ARM Recon Deferred Account Adj” that was included with the Company’s filing. Specifically refer to Cell L47 of this spreadsheet that contains a “Historic Ratio” amount of 32.69%. It appears that the Company has not used such a Historic Ratio calculation in prior ARM dockets. Provide a narrative explanation of the need for this methodology change.

RESPONSE:

2-22. Long-Term Debt Cost. Refer to the Company File <Schedule 52Y_Capital Structure and Cost Rates.xlsx>, Tabs “Schedule 52Y.1” to “Schedule 52Y.13” that was included with the Company’s filing and provide the following information:

- a. Provide the calculation along with supporting documentation for the Interest Cost for the “Current Portion of Unsecured Fixed” Debt included in Column J of these spreadsheets.
- b. Provide the calculation along with supporting documentation for the Debt Expense Amortization by Debt Issue included in Column K of these spreadsheets. Specifically, we note that the Debt Expense Amortization in Column K does not always equal the monthly change in Total Unamortized Debt Discount and Expense in Column H.

RESPONSE:

2-23. ADIT. Refer to the Company File <Schedule 39 – 41F Financial Reports 2024.xlsx>, Tab “S41A – Piedmont Reg WKTB” that was included with the Company’s filing. Specifically

refer to the ADIT accounts from this trial balance for December 2024 that total to \$1,000,129,166 as shown below:

Account	Description	Dec 2024 Amount
190001	Adit: Prepaid: Federal Taxes	-179,659,137
190002	Adit: Prepaid: State Taxes	-24,597,105
190155	Deferred Tax - Nol	-371,578
190156	Deferred Tax State NOLs	-5,622,831
282100	Adit: PpandE: Federal Taxes	992,846,963
282101	Adit: PpandE: State Taxes	71,472,720
283020	Valuation Allowance	438,358
283100	Adit: Other: Federal Taxes	118,180,399
283101	Adit: Other: State Taxes	16,091,077
190013	LT Def tax asset: Fed-190	4,185,812
190015	LT Def Credit for state Liab-190	7,164,988
	Total	1,000,129,666

Next refer to the Company File <Schedule 18_ADIT 13 Month Avg Bal.xlsx>, Tab “D DBR – Statutory Proforma – TN” that was also included with the Company’s filing. Specifically refer to the state allocations of ADIT on this spreadsheet that total to \$1,370,356,113 as shown below:

Description	North Carolina	South Carolina	Tennessee	Total
ADIT	710,284,483	75,796,036	196,475,217	982,555,736
Protected Liabilities	305,033,974	31,689,790	51,076,613	387,800,377
Total	1,015,318,457	107,485,826	247,551,830	1,370,356,113

Provide a reconciliation between these different totals.

RESPONSE:

2-24. ADIT. Refer generally to the Company File <Schedule 52F ARM Reg Asset_Deferred Interest Monthly Activity.xlsx> that was included with the Company’s filing and provide the following information:

- Refer to Cell H23, Tab “Provision for ADIT Jan 24” of this spreadsheet, where the Company calculates \$532 of book depreciation for the month of January based on Plant Additions for the month of \$511,180. However, no book or tax depreciation for the remaining months (February – December) appear to be considered for this January plant addition. Explain the Company’s logic and

rationale for calculating book and tax depreciation on these schedules based only on the month of plant additions and not for the remainder of the year.

- b. Refer to Cell E14, Tab “Provision for ADIT Jan 24” this spreadsheet, where the Company uses an annual book depreciation rate of 3.68% for Account 26100 – Structures & Improvements. This appears to be the previous depreciation rate which has since been updated to 2.68% as shown on Schedule 14.2 that is based on TPUC approval of new depreciation rates in TPUC Docket No. 24-00082. Explain the Company’s logic and rationale for calculating book depreciation here based on previously approved depreciation rates.
- c. Refer to Cell J3, Tab “Provision for ADIT Jan 24” of this spreadsheet where the Company uses a composite tax rate of 0.2372945. Provide the source and support for this unreferenced, hard-coded amount.
- d. Refer to Cell J3, Tab “Provision for ADIT Jan 24” of this spreadsheet where the Company uses a composite tax rate of 0.2372945. Next refer to Cell J3, Tab “Provision for ADIT Oct 24” of this same spreadsheet, where the Company uses a composite tax rate of 0.26135. Explain and provide the support for this change in the composite tax rates.

RESPONSE:

2-25. Depreciation. Refer generally to the Company File <Schedule 52E ARM Reg Asset_Deferred Depreciation Monthly Activity.xlsx>, Tabs “January 2024 Entry” to “December 2024 Entry” that were included with the Company’s filing. Specifically refer to Column B of these spreadsheets that contain the “Annual Depreciation Rates” for Tennessee Direct and Joint (3-State) Plant. Next refer to the <Schedule 14_Depreciation Expense.xlsx>, Tab “Schedule 14.2” that was also included with the Company’s filing. Specifically, refer to Columns N and O of this spreadsheet which also contains the annual rates for Tennessee Direct Plant and Joint (3-State) Plant. We have noted discrepancies between the depreciation rates used between these two spreadsheets for certain accounts as shown in the table below:

Account	Area	Schedule 52E	Schedule 14.2
29600 - Power Operated Equipment	TN Direct	2.89%	N/A
20315 - Misc Intangible Plt - 15 Yr	Joint Plant	6.67%	6.66%
28100 - Meters	Joint Plant	3.67%	3.13%
28105 - Meters - Meter Acc, ERTs	Joint Plant	7.68%	4.10%
29000 - Structures and Improvements	Joint Plant	2.16%	2.28%
29002 - Compressed Natural Gas	Joint Plant	4.64%	0.00%
29101 - Electronic Data Processing	Joint Plant	33.33%	20.00%
29103 - Customer Information System	Joint Plant	5.00%	0.00%
29211 - Trucks 1/2 & 3/4 Ton	Joint Plant	15.40%	0.00%
29240 - PNG GAS TRANSP-3 YR MTR RD	Joint Plant	21.67%	25.00%
29241 - PNG GAS TRANSP - 5 YR RURAL	Joint Plant	16.00%	15.00%
29242 - PNG GAS TRANSP - 7 YR URBAN	Joint Plant	18.20%	23.92%
29243 - PNG GAS TRANSP - 10 YR HD	Joint Plant	8.50%	26.96%
29244 - PNG GAS-15 YR TRAILER/OTHR	Joint Plant	17.98%	25.00%

Reconcile the different depreciation rates between these two spreadsheets. If the rates on either spreadsheet are in error, then provide an updated calculation

RESPONSE:

2-26. Weather Normalization Adjustment. Refer to the Company File <Schedule 21_HBP Revenue Components by Rate Schedule & Special Contract.xlsx>, Tab “Schedule 21.3” that was included with the Company’s filing. Specifically refer to cell B74 of this spreadsheet that has a value of \$1,221,040 for the WNA Revenues for January 2024 for Rate Schedule 352. Next refer to the Company’s Response to Consumer Advocate DR No. 1-14 for the “WNA by Rate – Monthly Report” for January 2024. Specifically refer to the WNA for Rate Schedule 352 which has a value of \$-299,591 for January 2024. Provide a reconciliation for the difference between these two amounts.

RESPONSE:

2-27. Other Revenue. Refer to the Company’s Response to Consumer Advocate DR No. 1-25 regarding Other Revenue and provide the following information:

- a. In the Response to Part (a) of Consumer Advocate DR No. 1-25, the Company states that “Beginning in July 2024 with the implementation of the SAP

customer information system, Non-Sufficient Funds revenue was recorded in general ledger account 0417000, a below the line account.” Next, in Part (b) of this Response, the Company states that “The Company’s tariff rate for NSF charges is \$20.00. Rationalize and explain the Company’s position that NSF revenues are now a “below-the-line account” when these charges are directly related to a tariffed rate.

- b. Explain the distinguishing features between NSF for Account 417000 – below the line, and Account 488000 – above the line.
- c. Provide the monthly NSF charges (number of charges as well as revenues) for both Account 417000 and 488000 by month from January 2024 to December 2024.

RESPONSE:

2-28. Salary & Wages. Refer to the Company’s Response to Consumer Advocate DR No. 1-30, regarding Salary & Wages. Specifically refer to the Company File <Attachment CA DR 1-30 – Salary & Wages.xlsx>, Tab “Totals by Resource Type” that was included with the Company’s Response. Finally, refer to the Pivot Table included in columns A to C of this spreadsheet. Provide the source data file for this Pivot Table that is identified as <2024 TN Allocated O&M Transaction Level Detail.xlsx>.

RESPONSE:

2-29. Incentive Compensation. Refer to the Company’s Response to Consumer Advocate DR No. 1-31, regarding Short-Term Incentive Compensation. Specifically refer to the Company File <Attachment CA DR 1-31 – Short-Term Incentives.xlsx>, Tab “Totals by Resource Type” that was included with the Company’s Response. Finally, refer to the Pivot Table included in columns A to C of this spreadsheet. Provide the source data file for this Pivot Table that is identified as <2024 TN Allocated O&M Transaction Level Detail.xlsx>.

RESPONSE:

2-30. Incentive Compensation. Refer to the Company’s Response to Consumer Advocate DR No. 1-32, regarding Long-Term Incentive Compensation. Specifically refer to the Company File <Attachment CA DR 1-32 – Long-Term Incentives.xlsx>, Tab “Totals by Resource Type” that was included with the Company’s Response. Finally, refer to the Pivot Table included in columns A to C of this spreadsheet. Provide the source data file for this Pivot Table that is identified as <2024 TN Allocated O&M Transaction Level Detail.xlsx>.

RESPONSE:

2-31. DEBS Allocations to Tennessee. Refer to the Company’s Response to Consumer Advocate DR No. 1-33(c) regarding the PNG Allocation Factors of 6.93% and 6.22% for DEBS allocations to Tennessee. The Company’s Response refers to the “2025 Svc Co Cost Allocation Rate Schedule for CAM”. However, we are specifically seeking information on how these factors are calculated. Provide the individual components for these allocation factor calculations as well as the supporting documentation.

RESPONSE:

2-32. DEBS Allocations to Tennessee. Refer to the Company’s Response to Consumer Advocate DR No. 1-33, regarding the Allocated Return on DEBS Assets. Specifically refer to the Company File <Return on DEBS assets Jan 24.xlsx>, Tab “Calc” that was included with the Company’s Response. Finally, refer to cell D22 that has a hard-coded value of \$43,425,562 for Deferred Taxes on Fixed Assets. Provide the source and support for this \$43,425,562 amount, as well as the \$19,047,035 amount that is used in the March 2024 calculation.

RESPONSE:

2-33. Billing Determinants. Refer to the Company File <Schedule 21_HBP Revenue Components by Rate Schedule & Special Contract.xlsx> that was included with the Company's filing and provide the following information:

- a. Refer to the "Schedule 21.4" Tab, cells A98 to N114 regarding 303-811 Quantities. Provide the source and support for these billing determinants;
- b. Refer to the "Schedule 21.4" Tab, cells A143 to N159 regarding 303-812 Quantities. Provide the source and support for these billing determinants;
- c. Refer to the "Schedule 21.4" Tab, cells A188 to N205 regarding 303-818 Quantities. Provide the source and support for these billing determinants;
- d. Refer to the "Schedule 21.5" Tab, cells A119 to N132 regarding 304-812 Quantities. Provide the source and support for these billing determinants;
- e. Refer to the "Schedule 21.6" Tab, cells A100 to N116 regarding 313-892 Quantities. Provide the source and support for these billing determinants;
- f. Refer to the "Schedule 21.6" Tab, cells A145 to N161 regarding 313-893 Quantities. Provide the source and support for these billing determinants;
- g. Refer to the "Schedule 21.6" Tab, cells A190 to N206 regarding 313-897 Quantities. Provide the source and support for these billing determinants;
- h. Refer to the "Schedule 21.7" Tab, cells A83 to N96 regarding 314-892 Quantities. Provide the source and support for these billing determinants; and
- i. Refer to the "Schedule 21.7" Tab, cells A120 to N133 regarding 314-893 Quantities. Provide the source and support for these billing determinants.

RESPONSE:

2-34. Billing Determinants. Refer to the Company File <Schedule 22A&B_Annual Base Rate Reset Revenues_PARTIALLY CONFIDENTIAL.xlsx> that was included with the Company's filing and provide the following information:

- a. Refer to the "Sch 22A&B.1 Residential_301" Tab, cells J12 to K23 regarding Residential Quantities. Provide the source and support for these billing determinants;

- b. Refer to the “Sch 22A&B.2 Small General_302” Tab, cells J8 to K40 regarding Small General Service Quantities. Provide the source and support for these billing determinants;
- c. Refer to the “Sch 22A&B.3 Med General_352” Tab, cells J8 to K40 regarding Medium General Service Quantities. Provide the source and support for these billing determinants;
- d. Refer to the “Sch 22A&B.4 MV Fuel_343” Tab, cells J8 to L99 regarding Motor Vehicle Fuel Service Quantities. Provide the source and support for these billing determinants;
- e. Refer to the “Sch 22A&B.5 Tariff Lg General” Tab, cells J8 to P120 regarding Large Volume Service Quantities. Provide the source and support for these billing determinants; and
- f. Refer to the “Sch 22A&B.6 DT Steps” Tab, cells B13 to N59 regarding Large Volume Quantities by Billing Step. Provide the source and support for these billing determinants.

RESPONSE:

2-35. Revenue. Refer to the Petition File <Schedule 52P_Other Administrative and General Expenses.CONFIDENTIAL.xlsx>, Tab “Schedule 52P.2and respond to the following:

- a. Provide a comprehensive explanation distinguishing revenue items that are deemed “Included” (AM15: AN15) in Piedmont Operating margin for ratemaking purposes, contrasted with those revenue items deemed “excluded” (AM14:AN114) from Piedmont’s Operating margin.
- b. Provide a comprehensive explanation distinguishing operating expense items that are deemed “Included” (AM12: AN12) in Piedmont Operating margin for ratemaking purposes, contrasted with those operating expense items deemed “excluded’ from Piedmont’s Operating margin (AM11:AN11).
- c. HomeServe related revenue allocated to Piedmont’s Tennessee operations totals [REDACTED] This amount was excluded from Piedmont’s operating margin. Provide a comprehensive explanation identifying the nature of this revenue and explain why it is excluded from the revenue requirement determination.

RESPONSE:

2-36. Revenue. Identify Piedmont's five largest transport customers by volume and provide the following information for each:

- a. 2024 Volumes;
- b. 2024 Revenues;
- c. Date that customer's service began; and
- d. Capital Expenditure incurred to serve the customer (direct cap-ex only).

RESPONSE:

2-37. Revenue. For any customer added in 2023 or 2024, which resulted in additions to Plant-in-Service of at least \$500,000, provide the following information:

- a. Name of the customer;
- b. Rate schedule under which service is provided;
- c. Plant-in-service incurred to serve the customer (include all expenditures, even if some costs may potentially serve other customers in the future); and
- d. Monthly revenue associated with each customer from the initial date of service through May of 2025.

RESPONSE:

2-38. ADIT. Refer to Piedmont's Response to Consumer Advocate DR No. 1-49. The response indicates that the Tennessee portion of the adjustment to Accumulated Deferred Income Taxes is \$ [REDACTED] out of a total adjustment of \$195,498,569, resulting in a Tennessee ratio of approximately 7.5%. Provide a comprehensive discussion detailing why the Tennessee portion of this modification of the total tax deductions is so low relative to other general ratios used to allocate common costs/assets to the Tennessee jurisdiction.

RESPONSE:

- 2-39.** Customers. Refer to the Company Response to Consumer Advocate DR No. 1-43. Explain the change in the customer counts from residential and commercial customers for January, February, and March of 2025.

RESPONSE:

- 2-40.** Expenses. Refer to Company Response to Consumer Advocate DR No. 1-46, File <CONFIDENTIAL Attachment CA DR 1-46 - TN ARM DR 1-46 ONECARD 03-2024.xlsx>. For each item in Column B that is equal to or exceeds [REDACTED] or exceeds [REDACTED] in Column F, provide an explanation of the nature of the cost and how it is necessary in the provision of natural gas service.

RESPONSE:

- 2-41.** Expenses. Refer to Company Response to Consumer Advocate DR No. 1-47. The Company indicated that 52.Q.2 and 52.Q.3 had duplicate line items. Provide an explanation to the following:
- a. Does Piedmont agree that an adjustment needs to be made for the double counting?
 - b. Have adjustments been made to the revenue requirement to account for the duplication?

RESPONSE:

- 2-42.** Consumer Bill. Refer to Company Response to Consumer Advocate DR No. 1-34, and the residential customer's natural gas bill that was provided. Respond to the following:
- a. Confirm that the monthly service fee, customer charge, or current rate is not independently identified on the bill;
 - b. Confirm the website cited on the bill does not include the current monthly service fee, customer charge, or current rate;

- c. Confirm that the rate per unit of commodity (therm) is not specifically posted on the customer bill or on the website cited on the bill; and
- d. Confirm the customer bill does not specifically identify the tax component of the total bill.

RESPONSE:

2-43. Rate Design. Refer to Company Response to Consumer Advocate DR No. 1-35. Piedmont indicated that rates are designed to achieve an overall rate of return of 6.95%. Is this rate dependent on the costs allocated to the class rate? If it is not, explain why this is not the case.

RESPONSE:

2-44. Rate Design. Refer to Company Response to Consumer Advocate DR No. 1-36. The Company stated, “Piedmont considers all rate components in developing its rate design.” Provide a list of all the components that Piedmont considers for the following:

- a. Define the “rate components” that Piedmont considers when developing its rates.
- b. Detail how Piedmont considers each of these components.
 - i. Explain the role of each component in developing rate design?
 - ii. Does Piedmont assign weights to each of these components?
- c. Explain how Piedmont has considered time of use as a component.
- d. How is Piedmont determining where to direct revenue requirement apportionment, such as to fixed or volumetric components?
- e. Does Piedmont have rate structure goals other than to establish “parity”?
- f. Is Piedmont attempting to send price signals? If so, what price signals are Piedmont attempting to send?

RESPONSE:

- 2-45. Cost Study.** Refer to Company Response to Consumer Advocate DR No. 1-39. The Company stated, “Piedmont’s Allocated Cost of Service study is based on all expenses and revenues, after adjustments made for the Historic Base Price.” Respond to the following:
- a. Does Piedmont consider its cost study to be a fully allocated cost study?
 - b. Explain, and detail the role that revenues play in the cost study.
 - c. If revenues are removed from the cost study, does it change the results of the cost study?

RESPONSE:

- 2-46. Cost Study.** Refer to the Company’s Petition, File <Schedule 26A_Allocated Cost of Service Study.xlsx>, and respond to the following:
- a. When was the cost study created?
 - b. When was the cost study first utilized?
 - c. Does Piedmont use the same cost study each year with updated costs?
 - d. Identify and explain any changes that are made to the cost study from year to year.
 - e. Is MCR Performance Solutions, LLC (“MCR”) identified in the copyright the same entity that created the cost study model?
 - f. What was Piedmont’s role in creating the cost study model?
 - g. Identify the Piedmont employees who participated in the criteria of this cost study.
 - h. Identify the specific goals of the cost study.

RESPONSE:

- 2-47. Cost Study.** Refer to Company’s Petition, File <Schedule 26A_Allocated Cost of Service Study.xlsx>, Tab “Revenue Change.” Provide the link or identify the source for Column F.

RESPONSE:

2-48. Consumer Advocate DR No. 1-50 requested the miles of main installed by Piedmont in 2024 and the average installation cost per mile.

- a. For each of the last 5 years, provide the miles of main installed by Piedmont and the average installation cost per mile for the following:
 - i. Tennessee;
 - ii. North Carolina;
 - iii. South Carolina; and
 - iv. To the extent that the cost to install main for Tennessee differs materially from the average cost to install main in all other areas served by Piedmont, explain why the cost varies.
- b. For each of the last 5 years, provide the miles of main replaced by Piedmont and the average replacement cost per mile for:
 - i. Tennessee;
 - ii. North Carolina;
 - iii. South Carolina; and
 - iv. To the extent that the cost to replace main for Tennessee differs materially from the average cost to replace main in all other areas served by Piedmont, explain why the cost varies.
- c. For each of the last 5 years, provide the feet of service line installed by Piedmont and the average installation cost per foot for:
 - i. Tennessee;
 - ii. North Carolina;
 - iii. South Carolina; and
 - iv. To the extent that the cost to install main for Tennessee differs materially from the average cost to install main in all other areas served by Piedmont, explain why the cost varies.
- d. For each of the last 5 years, provide the feet of service line replaced by Piedmont and the average replacement cost per foot for:
 - i. Tennessee;
 - ii. North Carolina;
 - iii. South Carolina; and
 - iii. To the extent that the cost to replace main for Tennessee differs materially from the average cost to replace main in all other areas served by Piedmont, explain why the cost varies.

RESPONSE:

RESPECTFULLY SUBMITTED,



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TPUC Docket No. 25-00036

CA's 2nd DR to Piedmont

CERTIFICATE OF SERVICE

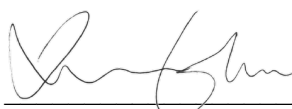
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This the 2nd day of July 2025.



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