

# Holland & Knight

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Electronically Filed in TPUC Docket  
Room on July 17, 2025 at 10:36 a.m.

July 17, 2025

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

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 *Second Discovery Requests* in the above-referenced docket, which were produced over a multi-day period from Friday, July 11<sup>th</sup> through Wednesday, July 16<sup>th</sup> in collaboration with the Consumer Advocate Division. 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.

July 17, 2025

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

Very truly yours,

A handwritten signature in blue ink, appearing to read "Paul S. Davidson". The signature is fluid and cursive, with the first name "Paul" being the most prominent.

Paul S. Davidson

PSD:jv

Enclosures

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

July 17, 2025

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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

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

This the 17th day of July 2025.

/s/ Paul S. Davidson

Paul S. Davidson

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**DOCKET NO. 25-00036**  
**CONSUMER ADVOCATE'S SECOND SET OF DISCOVERY REQUESTS**  
**Date Issued: July 2, 2025**  
**Date Due: July 14, 2025**

**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:** Please see the attached file <**CONFIDENTIAL** CA DR 2-01 Attachment.xlsx> for the source and support of the O&M Labor on Schedule 44 Composite Factor.

**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 July 11, 2025.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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2-1 Attachment

Confidential Attachment Filed Under Seal

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

**INITIAL RESPONSE:** See the attached file <CA DR 2-02 Attachment.xlsx> for the source and support for the "Gross Plant in Service."

**SUPPLEMENTAL RESPONSE:** See the attached file <CA DR 2-2 Attachment\_Updated.xlsx> for the source and support for the "Gross Plant in Service."

The support for the Gross Plant numbers used in the Composite Allocation Factor calculation is the general ledger.

The 12/31/2023 Consolidating Balance Sheet was provided as the support for the Plant in Service Assets totaling \$10.5M and the CIAC totaling (\$5.8M). See "CA DR 2-2\_Tab A" in the attached file.

The 12/31/2023 CWIP Power Plan Report & the Consolidating Balance Sheet was provided as support for the CWIP balance totaling \$593M. See "CA DR 2-2\_Tab A" and "CA DR 2-2\_Tab B" in the attached file.

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NOTE: The variance between the CWIP 3 State total CWIP Power Plan Report and the December 31, 2023, Consolidating Balance Sheet is due to an out of balance between a NC Business Unit and a 3 State business unit.

The Company uses the Power Plan reports, the fixed asset subledger, for reporting purposes.

A reclass entry is needed to correct the balances between NC and the 3 State on the Consolidating Balance Sheet. Note that the overall plant balance on the Balance Sheet ties to the total Plant reports.

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

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

Initial Response provided by Piedmont Natural Gas Company, Inc. on July 11, 2025.

Supplemental Response provided by Piedmont Natural Gas Company, Inc. on July 15, 2025.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**2-2 Supplemental Attachments**

**Supplemental Attachments Provided in Native Format**



**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**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:** The source and support for the Plant in Service, Accumulated Depreciation and CWIP are the Power Plan system for the Company's Fixed Assets. See the attached file <CA DR 2-3 Attachment.xlsx> for the source and support of the amounts provided on <Schedule 45\_Net Plant Factor>.

**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 July 11, 2025.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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2-3 Attachment

Attachment Provided in Native Format

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**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:** The \$105.4 million plant addition in July 2024 to Plant Account 20315 — Misc Intangible Plant — 15 yr, is for the new customer billing system (SAP), Customer Connect-Project ID 400105, which Piedmont put into service in July 2024. The JE to move the amount from CWIP to Plant in July was a system entry/process completed by PowerPlan to support the monthly close process. PowerPlan's journal code is PPCCNC. This journal code is used for system transactions processed in the CCNC process which moves costs from 0107 to 0106 monthly.

Please see the attached file <CA DR 2-04 Attachment> for the entry and support.

**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 July 14, 2025.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**DOCKET NO. 25-00036**  
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2-4 Attachment

Attachment Proved in Native Format

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**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:** The Variance between the CWIP 3-State per <Schedule 15\_CWIP 13 Month Avg Bal> and the Balance Sheet per <Schedule 39-41F Financial Reports 2024> is due to an out of balance between a NC Business Unit and a 3 State Business Unit. The Company uses the Power Plan reports, the fixed asset subledger, for reporting purposes. A reclass entry is needed to correct the balances between NC and the 3 State BU's on the Balance Sheet. Note that the overall CWIP plant balance on the Balance Sheet ties to the total CWIP per the Plant report. Please see the file <CA DR 2-05\_CWIP Reconciliation for 3-State Plant.xlsx> for the detailed reconciliation.

**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 July 11, 2025.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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2-5 Attachment

Attachment Provided in Native Format

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**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:** Two additional Accounts, 0108301 and 0108620, are needed to reconcile to the TN Direct Accumulated Depreciation. These amounts can be found in Cells E438 and E439 on <Schedule 39-41F Financial Reports 2024>, Tab “40E-1 Piedmont Reg BS Detailed.” Account 0108301 has a credit balance and since it is located in the Liabilities Section of the Balance sheet, it is reflected as a positive balance. Please see the file<CA DR 2-06 Attachment.xlsx> for the Reconciliation.

**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 July 11, 2025.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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2-6 Attachment

Attachment Provided in Native Format



**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**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:** Two additional Accounts, 0108301 and 0108620, are needed to reconcile to the TN Direct Accumulated Depreciation. These amounts can be found in Cells G438 and G439 on <Schedule 39-41F Financial Reports 2024>, “Tab 40E-1 Piedmont Reg BS Detailed.” Account 0108301 has a debit balance and since it is located in the Liabilities Section of the Balance sheet, it is reflected as a negative balance. Please see the file <CA DR 2-07 Attachment.xlsx> for the Reconciliation.

**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 July 11, 2025.

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2-7 Attachment

Attachment Provided in Native Format

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**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:** See the attached file <CA DR 2-08\_Working Capital Allocation Support.xlsx> for the Accounts Payable query used to determine the allocation to CWIP.

**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 July 11, 2025.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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2-8 Attachment

Attachment Provided in Native Format

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**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:** The deferred depreciation expense amount of \$4,031,908 was the balance in the regulatory asset account 0182583 at December 31, 2023. The 2023 monthly entries recorded to total this amount were included in the 2024 ARM Annual filing in “Schedule 52E ARM Reg Asset Deferred Depreciation Monthly Activity.” See the attached file <CA DR 2-09\_Schedule 52E ARM Reg Asset\_Deferred Depreciation Monthly Activity.xlsx> for the 2023 monthly entries and summary tab of the entries.

**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 July 11, 2025.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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2-9 Attachment

Attachment Provided in Native Format

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**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:** The hard-coded amount of \$251,130 represents the cumulative deferred depreciation expense at the end of December 2023. See attachment provided in the Company’s response to CA DR 2-9 for the source and support of the amount.

**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 July 11, 2025.

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**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:** The amounts in the file <Schedule 20 ARM Regulatory Asset 13 Month Avg Bal>, Tab "Schedule 20.0", Column C show the balance of the regulatory asset at the end of each month.

The monthly amounts in the file <Schedule 52E ARM Reg Asset\_Deferred Depreciation Monthly Activity.xlsx>, Tab "Schedule 52E.1", Column F represent the amount of depreciation deferred each month.

The total amount of depreciation deferred during 2024 was \$4,771,399 as shown on "Schedule 52E.1" and it agrees to the balance of the regulatory asset at the end of 2024 as shown in "Schedule 20", Column C, Line 13.

A 13 Month Average Balance is not calculated on Schedule 52E.



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**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 July 11, 2025.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**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:** The Company reviewed the <Schedule 52A UPIS Monthly Activity.xlsx>, Tab "TN Direct" spreadsheet and <Schedule 52E ARM Reg Asset\_Deferred Depreciation Monthly Activity.xlsx>,

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We did not note the discrepancies described in this data request. For example, Cell E31 of the January 2024 Entry tab is Utility Account 27800 with plant additions of \$715,882. However, on the TN Direct Tab, Utility Account 27800 is Cell C33 and with plant additions of \$715,882, not Cell C32.

The Company compared plant additions for other months and didn't note discrepancies.

**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 July 14, 2025.

**PIEDMONT NATURAL GAS COMPANY, INC.**  
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**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:** The Company reviewed the <Schedule 52A UPIS Monthly Activity.xlsx>, Tab "3 State" and <Schedule 52E ARM Reg Asset\_Deferred Depreciation Monthly Activity.xlsx>.

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We did not note the discrepancies described in this data request. For example, Cell E60 of the January 2024 Entry tab is Utility Account 20300 with plant additions of \$2,461,150 and Utility Account 20303 is Cell E61.

On the 3 State Tab, Utility Account 20300 is Cell C11 and with plant additions of \$2,461,150.

The Company compared plant additions for other months and noted a discrepancy in the May Plant additions between the aforementioned schedules. See the Company's response to CA DR 2-14 and CA DR 2-19.

**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 July 14, 2025.

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**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:** The Company has discovered that the May 2024 Plant addition of \$69,289 for Utility Account 29103 on <Schedule 52F ARM Reg Asset\_Deferred Interest Monthly Activity.xlsx> was reported in error during the June 2024 month-end reporting cycle.

The Company filed <Schedule 52A UPIS Monthly Activity>, Tab "3 State", has the May plant additions of \$0 for Utility Account 29103 shown correctly.

Note that the May 2024 Plant Additions for Utility Account 29103 is also shown incorrectly on filed <Schedule 52E ARM Reg Asset\_Deferred Depreciation Monthly Activity>, Tab "Plant Additions Summary" and <52Z\_Calculation of ARM Reg Asset Amortization Expense>, Tab "Schedule 52Z.1"

See the revised <CA DR 2-19\_Schedule 52Z\_Calculation of ARM Reg Asset Amortization Expense\_Revised Attachment > provided in the Company's response to CA DR 2-19.

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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

Response provided by Piedmont Natural Gas Company, Inc. on July 14, 2025.

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**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:** See the attached file <CA DR 2-15\_Schedule 52F ARM Reg Asset\_Deferred Interest\_ Revised.xlsx>. All tabs have been updated to ensure cell links are working properly.

**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 July 11, 2025.



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2-15 Attachment

Attachment Provided in Native Format

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**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.

**REVISED RESPONSE:** [REDACTED]

[REDACTED].

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

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

Revised Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2025.

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**2-16 Response & Attachment**

**Confidential Revised Response and Attachment Filed Under  
Seal**

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**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:** [REDACTED]

[REDACTED]

[REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

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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 July 11, 2025.

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**2-17 Response & Attachment**

**Confidential Response and Attachment Filed Under Seal**

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**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:** To get the total annual amortization rate, take the total EDIT amortization amount calculated in PowerTax for the year (Column I) and divide it by the total original Property Plant and Equipment (“PP&E”) protected EDIT amount for PP&E created in 2017 (Column C) when the federal tax rate changed as a result of the Tax Cuts and Jobs Act. The amortization rate is an informative datapoint and not the variable driving the amortization amount.

The current year EDIT amortization amount is calculated in the PowerPlan PowerTax Module. EDIT amortization is calculated for every individual asset record in PowerTax. See the attached file <CADR 2-18 – Attachment 1 of 1.xlsx> for the summarized supporting annual amortization amounts with allocation calculations for the Tennessee portions of 3-state property.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on July 11, 2025.

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2-18 Attachment

Attachment Provided in Native Format



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**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:**

- a. The formulas in Cells Q82 and Q83 were inadvertently omitted. The formulas have been updated in the attached file <CA DR 2-19\_Schedule 52Z\_Calculation of ARM Reg Asset Amortization Expense\_Revised.xlsx>.
- b. As stated in response to CA DR 2-14, the May 2024 Plant addition for Utility Account 29103 of \$69,289 was included in error. The attached schedule has been updated to remove the May 2024 plant addition.

Note that the changes resulted in a slight change in the following items on summary Tab "Schedule 52.Z":

- Weighted Average Depreciable Life - Vintage 2024

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- Proposed Annual & Monthly Amortization - Vintage 2024 (increase of \$2,570)
- Total Proposed Annual Amortization - Annual Base Rate Reset (increase of \$2,570)

**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 July 14, 2025.

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2-19 Attachment

Attachment Provided in Native Format

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**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:** See the attached file <CADR 2-20 – Attachment 1 of 1.xlsx>. This permanent item represents the book depreciation that Power Tax allocates to AFUDC Equity to reverse a portion of the original basis difference that was set up. This is a combination of the actual calculation done in the Deferred Tax module of Power Tax for the latest year completed (2023) and an estimate for 2024 to account for new AFUDC Equity activity.

The Book Recovery Depreciation Column E on the Rpt 216 sheet shows the book depreciation that Power Tax allocated to AFUDC Equity for the 2023 tax year for the TN Direct and 3 State jurisdictions.

The 2024 Deferred Taxes are not available in Power Tax until after the tax return is completed so the 2024 book depreciation allocation on AFUDC Equity was an estimated amount. The Book

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Depreciation on AFUDC Equity was increased from 2023 by the prior year over year actuals %.

This can be seen in the Perm Tax Diff and % Change sheets.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on July 11, 2025.

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2-20 Attachment

Attachment Provided in Native Format

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**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:** In the prior ARM dockets, the ARM Tariff indicated that the new ARM Rider Rates would be based on the ARM Deferred Account balance at March 31 of the year after the HBP plus the current Annual ARM Proceeding's Revenue Requirement Deficiency (Sufficiency) and Carrying Costs.

As a result of the Settlement Stipulation in ARM Docket No. 24-00036, the ARM Tariff has been revised and allows for more flexibility in the Deferred Account balance used for the new ARM Rider Rates. The updated ARM Tariff states the new proposed ARM Rider Rates will be based on the current Annual ARM Proceeding's HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs, plus the **maximum** of the Deferred Account Balance at March 31 of the year after the HBP or any remaining ARM Deferred Account Balance, as appropriate.

The Company used an Historic Ratio calculation as a reasonable estimate of the Deferred Account Balance at September 30, 2025.

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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

Response provided by Piedmont Natural Gas Company, Inc. on July 11, 2025.



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- 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:**

- a. The attached folder <CA DR 2-22 Attachments> contain formulas and cell references to support and document the Interest Cost.
- b. The attached folder <CA DR 2-22 Attachments> contain formulas and cell references to support and document the Debt Expense Amortization by Debt Issue.

Debt expense amortization total included in the Embedded Cost of Debt is a forward look for the next 12-months. Therefore, it will not equal the monthly change in Total Unamortized Debt Discount and Expense in Column H.

While preparing the spreadsheets with formulas, it was noticed that “Schedule 52Y.11” for October 2024 included in <Schedule 52Y\_Capital Structure and Cost Rates.XLSX>, did actually include formulas. But the data for the Interest on Current Portion of Unsecured Debt was not included so it is showing \$0. This impacted the Embedded Cost of Debt for

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October 2024 and will slightly change the 13 Month Average for Embedded Cost of Long Term Debt.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on July 11, 2025.

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2-22 Attachments

Attachments Provided in Native Format

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**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:

<b>Account</b>	<b>Description</b>	<b>Dec 2024 Amount</b>
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
	<b>Total</b>	<b>1,000,129,666</b>

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:

<b>Description</b>	<b>North Carolina</b>	<b>South Carolina</b>	<b>Tennessee</b>	<b>Total</b>
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:** See the attached file <CADR 2-23 – Attachment 1 of 1.xlsx>.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on July 11, 2025.

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2-23 Attachment

Attachment Provided in Native Format

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**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:

- a. 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:**

- a. Each tab shows the depreciation amount calculated for each month. However, the monthly journal entries record the cumulative total amounts from the previous month plus the current month activity.

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- b. The deferred depreciation expense and deferred interest entries were recorded in calendar year 2024, prior to the approval of the new depreciation rates approved in TPUC Docket No. 24-00082. The approved depreciation rates at the time of the entries were used for the monthly entries. See the Company's response to CA DR 2-25.
- c. See calculation of composite tax rate in the attached file <CA DR 2-24\_Composite Tax Rate Calculation\_Parts C and D.xlsx>.
- d. The change in the composite tax rate starting on the Tab "Provision for ADIT Oct 24" is due to the change in the Company using the TN State Tax Rate of 6.5% for deferred taxes, as approved in the 2024 ARM filing, Docket No. 24-00036. See the attached file <CA DR 2-24\_Composite Tax Rate Calculation\_Parts C and D.xlsx>.

**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 July 14, 2025.



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2-24 Attachment

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**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

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**RESPONSE:** The difference in depreciation rates between the two ARM filing schedules is due to the timing of the approval of the depreciation rates.

The depreciation rates included on <Schedule 14\_Depreciation Expense.xlsx>, Tab "Schedule 14.2", are the depreciation rates approved in TPUC Docket No. 24-00082. The TN Direct and 3-State depreciation rates were approved to be used in the calculation of depreciation expense for the Annual Base Rate Reset in the 2025 ARM filing and to be implemented for book purposes on October 1, 2025.

The Company File <Schedule 52E ARM Reg Asset\_Deferred Depreciation Monthly Activity.xlsx> includes the 2024 monthly deferred depreciation expense entries. The depreciation rates used for the monthly entries were the depreciation rates approved at the time from Docket No. 20-00086 or Docket No. 23-00035.

**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 July 11, 2025.

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**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:** The WNA Revenues for January 2024 for Rate Schedule 352 on <Schedule 21\_HBP Revenue Components by Rate Schedule & Special Contracts.xlsx>, includes an adjustment that was made to the WNA Revenues. The adjustment amount was an accrual reversal in the amount of \$1,520,631.63. See the attached file <**CONFIDENTIAL** CA DR 2-26\_TN Large Bill WNA Backup.pdf> for discussion and support of the adjustment. See reconciliation below:

\$ -299,591.26

\$ 1,520,631.63

\$ 1,221,040.37

**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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2-26 Attachment

Confidential Attachment Filed Under Seal

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**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:**

- a. It is not the Company's position that NSF revenues are now below-the-line revenues. The Company's new billing system incorrectly booked these revenues to account 0417000 for July-September of the test period, and accounting entries were made to move most, but not all, of the incorrectly charged NSF revenues to account 0488000, an above-the-line account. The Company has not included any NSF revenues remaining in account 0417000 in its revenue requirement, and the billing system mapping error was corrected in September 2024.
- b. See the Company's response to part a.

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- c. See the attached file <CA DR 2-27C\_Schedule 23\_Annual Base Rate Reset Other Revenues\_Revised v2> for NSF charges by month and an updated Schedule 23. When the billing system account mapping error was corrected in September 2024, the NSF charges were correctly mapped to account 0488000, but incorrectly mapped to Product ID TNONOF, which is used for reconnect fees. Due to this error, the Company has updated Schedule 23 to reflect updated amounts of NSF and reconnect fees. The Product ID mapping error was corrected in the billing system in Q1 2025.

**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 July 14, 2025.



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2-27(c) Attachment

Attachment Provided in Native Format

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**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:** See the attached file <**CONFIDENTIAL** CA DR 2-28\_2024 TN Allocated O&M Transaction Level Detail>. Additionally, source data can be obtained by double-clicking in the pivot table provided in CA DR 1-30.

**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 July 11, 2025.

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2-28 Attachment

Confidential Attachment Filed Under Seal

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**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:** See the Company's response to CA DR 2-28.

**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 July 11, 2025.

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**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:** See the Company’s response to CA DR 2-28.

**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 July 11, 2025.

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**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:** Please see attachments for calculation documentation of the rates used. The two (2) <CA DR 2-31 - Attachment 1> provides the support for 6.93% and the two (2) <CA DR 2-31 - Attachment 2> provides support for 6.22%.

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

**Name and title of preparer:** Rebekah Buck, Director – Allocations & Reporting

Response provided by Piedmont Natural Gas Company, Inc. on July 15, 2025.

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2-31 Attachments

Attachments Provided Electronically

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**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:** The source and support is located in the email that is attached on the Tab "Calc" directly to the right of the hardcoded amounts in question.

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

**Name and title of preparer:** Rebekah Buck, Director – Allocations and Reporting

Response provided by Piedmont Natural Gas Company, Inc. on July 11, 2025.



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**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:** See the attached file <CA DR 2-33\_2024 Large Volume Customer and DTs by Step YTD Totals.xlsx> for the support of the billing determinants noted on Schedules 21.4, 21.5, 21.6 and 21.7. The support is from the GTIS Billing system used for the Company's large volume customers.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on July 11, 2025.

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2-33 Attachment

Attachment Provided in Native Format

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**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:** The source and support for the billing determinants are reports from the Company's customer billing systems. The billing reports for January - June 2024 are from S2K. The billing reports for July - December 2024 are from SAP.

- a. See the attached file <CA DR 2-34\_S2K 620B Reports - Jan through June 2024.pdf> for the source and support of the January - June Customer count and Therms.

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See the attached file <CA DR 2-34\_SAP Report 9000 Jul-Dec 2024.pdf> for the source and support of the July - December Customer count.

See the attached file, <CA DR 2-34\_SAP BIL\_9010\_Usage Reports\_July-Dec 2024.pdf> for the source and support of the July - December Therms.

- b. See the Company's responses provided in part (a) for cells J8 through K23.

See the attached file <CA DR 2-34\_CNG Related Billings Reports Jan-June 2024.pdf> for the source and support of the January - June customer count and Therms for cells J29 through K40.

See the attached file <CA DR 2-34\_TN Cost Recovery Worksheets July-Dec 2024.pdf> for the source and support of the July - December customer count and Therms for cells J29 through K40.

- c. See the Company's responses provided in part (a) for cells J8 through K23. See the Company's responses provided in part b for cells J29 through K40.

- d. See the attached file <CA DR 2-34\_CNG Related Billings Reports Jan-June 2024.pdf> for the source and support of the January - June customer count and Therms for cells J8 through L99.

See the attached file <CA DR 2-34\_TN Cost Recovery Worksheets July-Dec 2024.pdf> for the source and support of the July - December customer count and Therms for cells J8 through L99.

- e. For Rate Schedules 303 (331), 304(341), 313(371), and 314(372):

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See the attached file <CA DR 2-34\_S2K 620B Reports - Jan through June 2024.pdf> for the source and support for the Customer count for January - June 2024.

See the attached file <CA DR 2-34\_S2K 301C Reports Jan-June 2024.pdf> for Therms for January - June 2024.

See the attached file <CA DR 2-34\_SAP Report 9000 Jul -Dec 2024.pdf> for the source and support of the July - December Customer count. Note: See the attachment provided in response to CA DR 2-33 for the July 2024 Schedule 303 Customer count.

See the attached file <CA DR 2-34\_SAP BIL\_9010\_Usage Reports\_July-Dec 2024.pdf> for the source and support of the July - December Therms.

See the attached file <CA DR 2-34\_TN Cost Recovery Worksheets Jan-June 2024.pdf> and CA DR 2-34 TN Cost Recovery Worksheets July-Dec 2024.pdf for the source and support for the Demand Therms.

For Rate Schedules 303/343 and 313/343:

See the attached file <CA DR 2-34\_CNG Related Billings Reports Jan-June 2024.pdf> for the source and support of the January - June customer count and Therms.

See the attached file <CA DR 2-34\_TN Cost Recovery Worksheets July-Dec 2024.pdf> for the source and support of the July - December customer count and Therms.

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- f. See the attached file <CA DR 2-34\_TN Dts Detail by Rate Schedule.pdf> for source and support of Large Volume Quantities by Billing Step on “Sch 22A&B.6 DT Steps”.

**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 July 16, 2025.

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2-34 Attachments

Attachments Provided Electronically



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**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:** [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED].

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

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- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED].
- b. [REDACTED].
- c. [REDACTED]
- [REDACTED].

**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 July 11, 2025.

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2-35 Response

Confidential Response Filed Under Seal

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

a, b, and c. Please see the attached file <**CONFIDENTIAL** CA DR 2-36-Attachment 1.xlsx> herein.

d. Due to the age of these projects, system migrations and mergers we are unable to provide capital expenditure data.

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

**Name and title of preparer:**

a, b, and c: Sharon Middleton, Manager – Sales & Business Planning

d. Dale Graham, Lead Accounting Analyst

Response provided by Piedmont Natural Gas Company, Inc. on July 15, 2025.

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2-36 Attachment

Confidential Attachment Filed Under Seal

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**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:**

- a, b, and d. See the attached file <CONFIDENTIAL CA DR 2-37 Attachment\_2>.
- c. See the attached file <CONFIDENTIAL CA DR 2-37C\_ Attachment>.

**Name and title of responsible person:**

- a, b, & d. Sharon Middleton, Manager – Sales & Business Planning
- c. Jaime Reynolds, Director – Natural Gas Financial Business Support

**Name and title of preparer:**

- a, b, & d. Cassandra Ramsey, Senior Sales Analyst
- c. Dale Graham, Lead Accounting Analyst

Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2025.

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2-37 Attachments

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**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:** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

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

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

Response provided by Piedmont Natural Gas Company, Inc. on July 11, 2025.



**PIEDMONT NATURAL GAS COMPANY, INC.**  
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2-38 Response

Confidential Response Filed Under Seal

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**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:** With the implementation of the SAP in July 2024, the bill count is now based on the month the bill is issued. For example, if a meter was read on February 28<sup>th</sup> and the bill is issued on March 2<sup>nd</sup>, the bill is included in the March bill count. In the legacy billing system, S2K, for the same scenario, the bill would have been included in the February bill count. Due to February only having 28 days, there is a lower number of bills for February 2025 in comparison to January 2025. This is also the driver for the higher number of bills for March 2025. The average number of bills for February 2025 and March 2025 is similar to the total number bills for recent prior months.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on July 14, 2025.

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**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:** [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED].  
[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 July 11, 2025.

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**2-40 Response & Attachment**

**Confidential Response Filed Under Seal and Attachment  
Provided in Native Format**

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**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:**

- a. The Company does not agree that an adjustment needs to be made. As described in Schedule 52.Q.1, Schedules 52.Q.2 through 52.Q.7 analyze different components of the Company's accounting code block to find transactions that have either been historically disallowed or were charged to incorrect accounting. While the information is shown on both views, the charge is not duplicated.

An adjustment is required on Schedule 52Q (and the revenue requirement) only if an expense is deemed non-allowable. The Company, using past precedent, deemed the charges referenced in CA DR 1-47 as allowable expenses, which does not require any adjustment.

- b. Please see the response to part a.

**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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- 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.

**REVISED RESPONSE:**

- a. Confirmed. Piedmont's customer bill form is in compliance with all applicable Commission requirements.
- b. Denied. Piedmont's website provides access to the TPUC-approved rates and charges applicable for billing Piedmont's customers under each and every Rate Schedule. Such information is shown on the website for the current billing month in effect, as well as for several prior months/years. Therein, the monthly charge for each Rate Schedule (a fixed charge) is separately identified from the applicable volumetric charges (rates per therm), including the volumetric rates by step where applicable.
- c. Confirmed for customer bill. Denied for Piedmont website; see the Company's response to subparts (a) and (b) of this data request.
- d. Denied. Where taxes are applicable to a customer's bill, the tax component of the billed amount is separately identified as a billing line item. Taxes are not applicable to the service

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or bills provided by Piedmont under Rate Schedule 301 Residential Service; sales of natural gas to residential customers in Tennessee are exempt from sales tax under TN Code Sec. 67-6-334(a).

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

**Name and title of preparer:** Conitsha B. Barnes, Director – Rates & Regulatory Strategy

Revised Response provided by Piedmont Natural Gas Company, Inc. on July 16, 2025.



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**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:** Piedmont's proposed Base Rates in this proceeding, in aggregate, yield an overall rate of return of 6.95%, consistent with the Fair Rate of Return and Total Revenue Requirement Deficiency for the ABRR shown on Schedule 1 in the Company's 2025 ARM Annual Filing. Piedmont's proposed rate design for the ABRR Revenue Requirement Deficiency in this proceeding is fully in compliance with the requirements of the Company's TPUC-approved ARM Tariff (Service Schedule No. 318). It is also consistent with the rate design used for the ABRR Revenue Requirement Deficiency proposed by the Company, accepted by the CAD in settlement, and adopted by the TPUC in each of Piedmont's two prior Annual ARM proceedings. And it is consistent with the settled and approved rate design established in Piedmont's last general rate case.

Specifically, in this proceeding (and consistent with the TPUC-approved outcomes in Piedmont's prior ARM proceedings and Piedmont's last general rate case), Piedmont equally apportioned the Total Revenue Requirement Deficiency for the ABRR to each Applicable Rate Schedule. This is evident from Schedule 26.0 in the Company's 2025 ARM Filing, which demonstrates the following:

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- that the Total Revenue Requirement Deficiency for the ABRR of \$8.679 million comports with a 4.1% increase to the Company's Base Margin Revenues (this is shown on Line 11, Columns [C] and [E]);
- that the Margin Revenue Increase allocated to each Applicable Rate Schedule is 4.1% (this is shown in Column [E] on Lines 1 through 8).

From that equal apportionment of a 4.1% increase in the Base Margin Revenues for each Applicable Rate Schedule, the dollar values on Lines 1 through 8 in Column [D] on Schedule 26.0 show the Annual Margin Revenues from each Applicable Rate Schedule to be achieved by the proposed changes to Base Rates effective October 1, 2025, from this 2025 Annual ARM Filing.

In compliance with Piedmont's TPUC-approved ARM Tariff (Service Schedule No. 318), the Base Margin Rates are defined as the volumetric rates per therm for each Applicable Rate Schedule (not the fixed monthly charges or other rate components for each Applicable Rate Schedule), and sets forth the Base Margin Rates as the appropriate rate components to be amended in accordance with the approved ABRR Revenue Requirement Deficiency (or Sufficiency) in each Annual ARM Filing. For this reason, Piedmont's proposed rate design for recovery of the entirety of the \$8.679 million ABRR Revenue Requirement Deficiency is an adjustment to the Base Margin Rates per therm.

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

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

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**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:**

- a. Piedmont's Tariff Sheet No. 1, lists all rate components for each of Piedmont's existing rate schedules; they are shown in Columns <1> through <7> of Piedmont's Tariff Sheet No. 1. In general, when its developing rates, Piedmont considers all rate components. However, for the purposes of rate design for the ABRR Revenue Requirement Deficiency in the Company's 2025 Annual ARM Filing, Piedmont only considered the Base Margin Rates, which are the volumetric rates per therm shown in Column <1> of Piedmont's Tariff Sheet No. 1. Piedmont's TPUC-approved ARM Tariff (Service Schedule No. 318) sets forth the Base Margin Rates per therm in Column <1> of Piedmont's Tariff Sheet No. 1 as the appropriate rate components to be amended in

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accordance with the approved ABRR Revenue Requirement Deficiency (or Sufficiency) in each Annual ARM Filing. Piedmont's proposed rate design in its 2025 Annual ARM Filing proposes an equally apportioned increase to all such Base Margin Rates per therm associated with Column <1> from its Tariff Sheet No. 1, with the exception of those for Rate Schedule 310 (Resale Service) because Piedmont no longer has customers on this rate schedule and with the exception of the demand charges per therm shown in Column <1> of Piedmont's Tariff Sheet No. 1 associated with Rate Schedule 303 (Firm General Service) and 313 (Firm Transportation). On the latter exception, Piedmont's proposed rate design in this proceeding is consistent with the approved rate design in each of the two prior ARM Annual filings with did not amend the demand charges per therm for Rate Schedules 303 and 313.

- b. See the Company's response to subpart a of this data request.
- c. Piedmont did not consider "time of use" as a component in this proceeding.
- d. See the Company's response to subpart a of this data request.
- e. Piedmont's rate design proposal of discretion in its 2025 Annual ARM Filing is its proposal of equal apportionment of the ABRR Revenue Requirement Deficiency to each Applicable Rate Schedule. See the Company's response to Data Request No. 2-43 explaining how the Company arrived at its proposed 4.1% revenue increase for each Applicable Rate Schedule. This proposed rate design supports the gradual movement towards parity among the rate classes, consistent with long standing accepted rate design principles for Piedmont before this Commission including consistency with the

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Commission-approved settlement agreements previously reached between Piedmont and the Consumer Advocate in its last general rate case and the prior two ARM proceedings.

- f. See the Company's response to subpart e of this data request.

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

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

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- 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:**

- a. Piedmont considers its cost study to be a fully allocated cost study.
- b. Revenues reflect the contribution of each customer class to the Company's overall cost-of-service.
- c. Yes.

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

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

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**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:** The model used by Piedmont for its Allocated Cost of Service Study ("ACOSS") in this proceeding was also utilized by Piedmont in its two prior Annual ARM Filings; hence, the model was first utilized by Piedmont for its ACOSS in proceedings before the TPUC starting with Docket No. 23-00035. The model was originally developed by MCR, and their Cost of Service Tool (COST™) and customizations were made to support Piedmont's general, ongoing use of it. Piedmont uses, updates, and modifies the model at its discretion as needed for preparing its ACOSS as needed. Piedmont has, at times, utilized contract support from MCR to modify and update the model when necessary. For each Historic Base Period (HBP") in each ARM Annual Filing, Piedmont has utilized the model with updated cost and revenue data for performing its ACOSS. The model as used for the ACOSS for Piedmont's 2025 Annual ARM Proceeding, was



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updated and operated by Piedmont personnel – namely, by Piedmont Witness Keith Goley and by other Piedmont personnel with Mr. Goley's supervision.

The goal of the ACOSS in this proceeding, and the model which supported its development in this proceeding (and consistent with Piedmont's ACOSS in the prior two ARM proceedings), is to determine the actual rate of return by customer class for the HBP as well as the proforma rate of return by customer class pursuant to the Company's proposed Base Margin Rates in this proceeding.

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

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

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**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:** The source for the information in Column F of File <Schedule 26A\_Allocated Cost of Service Study.xlsx>, Tab "Revenue Change" is "Schedule 22A&B\_Annual Base Rate Reset Revenues" provided in the 2025 ARM Filing.

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

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

Response provided by Piedmont Natural Gas Company, Inc. on July 11, 2025.

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**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

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- 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:** The Company objects to this data request as overly broad and requesting information about other jurisdictions that is not tailored to the expenses for which the Company is seeking cost recovery in this proceeding, inasmuch as data concerning North Carolina and South Carolina service line and main installation costs does not explain the costs to install the same in Tennessee. Furthermore, the Company does not currently pose an equivalent analysis for its operations in North Carolina and South Carolina. Subject to and without waving the foregoing objection, however, the Company provides the attached file <CONFIDENTIAL CA DR 2-48\_Attachment.xlsx> with respect to applicable Tennessee data.

**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 July 14, 2025.

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2-48 Attachment

Confidential Attachment Filed Under Seal