

April 3, 2023

**VIA ELECTRONIC FILING**

Ms. Shonta Dunston  
Chief Clerk  
North Carolina Utilities Commission  
430 N. Salisbury Street, Dobbs Building  
Raleigh, North Carolina 27603

**Re: Docket No. G-9, Sub 682**

Dear Ms. Dunston:

Pursuant to Ordering Paragraph No. 10 of the Commission's *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* issued September 29, 2016, in the above-referenced docket, Piedmont Natural Gas Company, Inc. ("Piedmont" or the "Company") hereby submits the enclosed status report detailing Piedmont's progress in implementing procedures to ensure that project unitization and plant retirements are finalized within 180 days of project completion.

Thank you for your assistance with this matter. If you have any questions about this filing, you may reach me at the number shown above.

Sincerely,

/s/ James H. Jeffries IV

James H. Jeffries IV

JHJ/nh

Enclosure

cc: Elizabeth Culpepper  
Megan Jost  
Pia Powers  
Brian Franklin  
Mason Maney

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the attached is being served this date upon all of the parties to this docket electronically or by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, at the addresses contained in the official service list in this proceeding.

This, the 3rd day of April, 2023.

/s/ Niesha Heverly  
Niesha Heverly

## Semi-Annual Status Report on Capital Project Unitization and Plant Retirements

Ordering Paragraph No. 10 of the North Carolina Utilities Commission's September 29, 2016 *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* states:

"That within 180 days after the close of the Merger, Piedmont shall begin to implement procedures to ensure that project unitization and plant retirements are finalized within 180 days of project completion. Piedmont shall file semi-annual status reports with the Commission detailing its progress in implementing these practices, with the first report due twelve months from the close of the merger."

The merger was consummated on October 3, 2016. Since that date, the Company began implementing new procedures to expedite its capital project unitization and plant retirement processes for new projects going into service in December 2016 and thereafter. The new procedures, consisting primarily of incremental controls and oversight on new projects, were intended to ensure that, with very limited exception, new capital project completions occur within six months (180 days) of the date the project assets are placed into service. The Company considers projects to be complete after all known and anticipated costs have been incurred and applied to the project. Within six months (180 days) of a project completion date, project unitization and associated plant retirements are to be accomplished.

The improved procedures initiated in December 2016, which were primarily manual applications and oversight, were ultimately not wholly successful in ensuring timely unitization due to the significant uptick in the number of capital projects that went into service in 2016 and 2017. Accordingly, the Company's central project accounting group has taken several actions to further augment the unitization process and its oversight through automation, additional process changes and extended training.

As shown in the schedules herein, the Company has continued to make significant investments in utility assets supporting the continuation of safe and reliable regulated natural gas service for its customers. [Exhibit A](#) shows that Piedmont's utility plant balance (which covers Utility Plant in Service + Completed Construction Not Classified + Construction Work in Progress + Gas Plant Held for Future Use) grew from \$10.7 billion at the end of August 2022<sup>1</sup> to \$11.2 billion at the end of February 2023.<sup>2</sup> In total, Piedmont unitized \$615 million in utility assets over this period, which is shown in Exhibit A as the increase in Utility Plant in Service account balance (Account 10100) over this 6-month period.

Piedmont's Completed Construction Not Classified account balance (account 10600) at February 28, 2023 was approximately \$904 million. This amount represents the cumulative cost of in-service capital projects that have not yet been unitized as of that date. Table 1 on [Exhibit B](#) provides a breakdown of this total

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<sup>1</sup> The last Status Report on Capital Project Unitization and Plant Retirements was filed by the Company on October 3, 2022, showing Piedmont's utility plant in service balance through August 31, 2022.

<sup>2</sup> February 2023 is the most recent closed accounting month as of the date of preparation of this status report.

by jurisdiction and age.<sup>3</sup> Table 2 on Exhibit B shows a comparison of these balances to the same balances shown in Piedmont's previously filed Semi-Annual Status Report on Capital Project Unitization and Plant Retirements filed by the Company on October 3, 2023.

The Company remains firmly committed to its goal for maintaining timely project completions, unitizations, and retirements, while at the same time reducing the unitization backlog on older projects as quickly as reasonably possible. The Company continues to focus on improved unitization processes that are expected to sustain this progress toward becoming current with the projects placed in service as well as catching up on the backlog of un-unitized projects from prior years.

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<sup>3</sup> Piedmont records utility assets according to five distinct jurisdictions: NC Direct Assets (assets supporting natural gas service only in North Carolina), SC Direct Assets, TN Direct Assets, 2-state Corporate Assets (assets supporting natural gas service in North Carolina & South Carolina, such as our Bentonville, Huntersville and Robeson LNG assets) and 3-state Corporate Assets (assets supporting natural gas service in North Carolina, South Carolina and Tennessee, such as our customer information and billing systems).

# EXHIBIT A

Piedmont Natural Gas Company, Inc.

NCUC Docket No. G-9, Sub 682

April 3, 2023

Semi-Annual Status Report on Capital Project Unitization and Plant Retirements

Exhibit A

Account No.	Account Name	Balance as of 8/31/22	Total Activity Increases	(Decreases)	Balance as of 2/28/23
107000/107004	Construction Work in Progress	\$ 395,778,990	\$ 532,475,155	\$ (418,853,101)	\$ 509,401,044
106000	Completed Construction Not Classified	1,084,825,761	419,267,550	(599,671,351)	904,421,960
101000	Utility Plant in Service	9,193,037,995	615,212,021	(11,469,702)	9,796,780,314
105100	Gas Plant Held for Future Use	2,641,528	2,007,760	(4,630,039)	19,249
Total		\$ 10,676,284,274	\$ 1,568,962,486	\$ (1,034,624,193)	\$ 11,210,622,567

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# EXHIBIT B

Table 1: Detail on Account 0106000 Balance as of 02/28/2023 by Project-In Service Date and Asset Jurisdiction

In-Service Date	TOTAL COMPANY		NC DIRECT		2-STATE CORPORATE		3-STATE CORPORATE		OTHER (SC & TN DIRECT)	
	Balance to be		Balance to be		Balance to be		Balance to be		Balance to be	
	Unitized	Project Count	Unitized	Project Count	Unitized	Project Count	Unitized	Project Count	Unitized	Project Count
2015 and prior	\$ 2,562,312	41	\$ 2,112,722	26	\$ 21,067	2	\$ 37,906	3	\$ 390,617	10
2016	812,492	14	676,266	9	34,363	1	201	1	101,662	3
2017	545,131	18	10,244	11	30,620	2	482,913	2	21,354	3
Total Through 2017	3,919,935	73	2,799,231	46	86,050	5	521,020	6	513,634	16
2018	34,306	9	16,051	7	-	0	-	0	18,255	2
2019	255,894	12	197,129	8	-	0	-	0	58,765	4
2020	5,056,387	19	4,818,578	13	-	0	-	0	237,809	6
2021	162,613,505	178	145,616,810	157	220,502	4	2,106,051	1	14,670,142	16
2022	447,923,126	999	323,443,740	766	242,359	2	3,039,597	4	121,197,430	227
2023	71,410,816	204	63,675,020	165	-	0	-	0	7,735,796	39
Blanket Project	213,207,991	n/a	133,535,475	n/a	-	n/a	2,823,345	n/a	76,849,171	n/a
Grand Total	\$ 904,421,960	1,494	\$ 674,102,033	1,162	\$ 548,911	11	\$ 8,490,013	11	\$ 221,281,003	310

Table 2: Comparison of Total Company Account 10600 Balance per Current Semi-Annual Status Report to Total Company Account 10600 Balance per Previously Filed Semi-Annual Status Report Dated October 3, 2022.

In-Service Date	TOTAL COMPANY		TOTAL COMPANY	
	Balance to be Unitized as of 8/31/22	Project Count as of 8/31/22	Change in Balance to be Unitized	Change in Project Count
2015 and prior	\$ 2,562,312	41	\$ -	-
2016	842,147	16	(29,656)	(2)
2017	560,430	20	(15,299)	(2)
Total Through 2017	3,964,890	77	(44,954)	(4)
2018	15,766	5	18,540	4
2019	289,981	14	(34,088)	(2)
2020	8,450,157	35	(3,393,769)	(16)
2021	641,433,387	406	(478,819,882)	(228)
2022	286,448,052	872	161,475,074	127
2023	-	-	71,410,816	204
Blanket Project	144,223,529	n/a	68,984,463	n/a
Grand Total	\$ 1,084,825,761	1,409	\$ (180,403,801)	85