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October 2, 2020

**VIA ELECTRONIC FILING**

Ms. Kimberley A. Campbell  
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. Campbell:

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/sko

Enclosure

cc: Elizabeth Culpepper  
Bruce Barkley  
Pia Powers

**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 \$8.6 billion at the end of February 2020<sup>1</sup> to \$9.0 billion at the end of August 2020.<sup>2</sup> In total, Piedmont unitized \$460.8 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, and likewise as the decrease in Completed Construction Not Classified account balance (account 10600) over this period. Furthermore, Piedmont retired \$66.8 million in utility assets over this period, which is shown in Exhibit A as the decrease in Utility Plant in Service account balance (Account 10100).

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<sup>1</sup> The last Status Report on Capital Project Unitization and Plant Retirements was filed by the Company on April 2, 2020, showing Piedmont's utility plant in service balance through February 29, 2020.

<sup>2</sup> August 2020 is the most recent closed accounting month as of the date of preparation of this status report.

Piedmont's Completed Construction Not Classified account balance (account 10600) at August 31, 2020 was approximately \$1.553 billion. This amount represents the cumulative cost of in-service capital projects that have not yet been unitized as of that date. [Exhibit B](#) provides a breakdown of this total by jurisdiction and age.<sup>3</sup>

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 LNG and Huntersville 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

October 2, 2020

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

Exhibit A

Account No.	Account Name	Total Company Balance at 2/29/2020		Activity: Increases	Activity: (Decreases)	Total Company Balance at 8/31/2020
10700	Construction Work in Progress	\$	508,537,512	\$	432,931,024	\$ (426,446,182) \$ 515,022,355
10600	Completed Construction Not Classified		1,598,306,142		415,205,687	(460,792,396) 1,552,719,432
10100	Utility Plant in Service		6,535,694,710		460,792,396	(66,828,511) 6,929,658,596
10500	Gas Plant Held for Future Use		7,252,799		-	19,923 7,272,722
Total		\$	8,649,791,164	\$	1,308,929,107	\$ (954,047,166) \$ 9,004,673,104

# **EXHIBIT B**

Piedmont Natural Gas Company, Inc.

NCUC Docket No. G-9, Sub 682

October 2, 2020

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

Exhibit B

Detail on Account 10600 Balance as of 08/31/2020 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 Unitized	Project Count	Balance to be Unitized	Project Count	Balance to be Unitized	Project Count	Balance to be Unitized	Project Count	Balance to be Unitized	Project Count
2014 and prior	\$ 161,629,216	531	\$ 81,128,794	376	\$ 9,771,648	11	\$ 850,377	12	\$ 69,878,396	132
2015	45,686,010	247	33,086,703	158	1,339,391	11	1,297,516	7	9,962,400	71
2016	69,142,068	329	43,947,447	208	4,837,401	20	3,363,691	12	16,993,529	89
Total Through 2016	276,457,294	1,107	158,162,944	742	15,948,440	42	5,511,584	31	96,834,325	292
2017	\$ 85,634,418	482	\$ 56,629,732	312	\$ 647,522	9	\$ 6,183,153	27	\$ 22,119,555	132
2018	92,004,403	436	55,074,886	250	635,186	5	3,229,074	62	32,123,256	118
2019	551,870,824	530	415,552,651	384	59,382,302	6	688,349	16	74,336,714	123
2020	444,326,927	784	344,111,566	566	0	-	14,022,673	12	86,192,687	206
Blanket Projects	102,425,309	n/a	71,940,797	n/a	8,123,038	n/a	1,422,598	n/a	20,938,876	n/a
Grand Total	\$ 1,552,719,175	3,339	\$ 1,101,472,577	2,254	\$ 84,736,487	62	\$ 31,057,431	148	\$ 332,545,414	871

**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 2<sup>nd</sup> day of October, 2020.

/s/ Sloane K. O'Hare

Sloane K. O'Hare