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April 5, 2021

**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 \$9.0 billion at the end of August 2020<sup>1</sup> to \$9.4 billion at the end of February 2021.<sup>2</sup> In total, Piedmont unitized \$774.8 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.

Piedmont's Completed Construction Not Classified account balance (account 10600) at February 28, 2021 was approximately \$1.1 billion. This amount represents the cumulative cost of in-service capital projects

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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 2, 2020, showing Piedmont's utility plant in service balance through August 31, 2020.

<sup>2</sup> February 2021 is the most recent closed accounting month as of the date of preparation of this status report.

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

April 1, 2021

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

Exhibit A

Account No.	Account Name	Total Company Balance at 8/31/2020	Activity: Increases	Activity: (Decreases)	Total Company Balance at 2/28/2021
10700	Construction Work in Progress	\$ 515,022,355	\$ 437,250,510	\$ (323,510,640)	\$ 628,762,224
10600	Completed Construction Not Classified	1,552,719,432	305,966,515	(756,214,818)	1,102,471,129
10100	Utility Plant in Service	6,929,658,596	774,754,862	2,409,003 (1)	7,706,822,461
10500	Gas Plant Held for Future Use	7,272,722	-	(4,628,888)	2,643,834
Total		\$ 9,004,673,104	\$ 1,517,971,887	\$ (1,081,945,344)	\$ 9,440,699,648
Retirements		\$ (33,832,616)			
Retirement Estimate Reversals		36,241,619			
Total Activity		<u>\$ 2,409,003</u>	(1)		

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# EXHIBIT B

Piedmont Natural Gas Company, Inc.

NCUC Docket No. G-9, Sub 682

April 1, 2021

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

Exhibit B

Detail on Account 10600 Balance as of 02/28/2021 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	Project	Balance to be	Project	Balance to be	Project	Balance to be	Project	Balance to be	Project
	Unitized	Count	Unitized	Count	Unitized	Count	Unitized	Count	Unitized	Count
2014 and prior	\$ 81,846,926	328	\$ 47,956,875	228	\$ 9,771,648	11	\$ 254,063	10	\$ 23,864,339	79
2015	23,253,389	150	16,559,301	99	1,339,391	11	944,778	6	4,409,918	34
2016	26,703,117	174	13,426,449	96	4,837,401	20	3,363,691	12	5,075,576	46
Total Through 2016	131,803,431	652	77,942,626	423	15,948,440	42	4,562,532	28	33,349,834	159
2017	28,316,009	288	16,574,026	175	647,522	9	5,831,757	25	5,208,248	77
2018	18,040,075	241	6,775,593	121	635,186	5	3,031,868	59	6,655,427	55
2019	230,600,481	331	190,340,952	251	1,069,935	5	2,651,688	17	36,537,906	58
2020	577,680,049	1,159	447,597,927	842	-	-	17,252,813	21	112,829,309	296
2021	42,844,656	126	37,533,398	92	-	-	-	-	5,311,259	34
Blanket Projects	73,186,427	n/a	45,182,619	n/a	79,173	n/a	1,352,378	n/a	26,572,256	n/a
Grand Total	\$ 1,102,471,129	2,797	\$ 821,947,141	1,904	\$ 18,380,256	61	\$ 34,683,036	150	\$ 226,464,238	679

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**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 5<sup>th</sup> day of April, 2021.

/s/ Sloane K. O'Hare

Sloane K. O'Hare