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Oct 04 2021

October 4, 2021

VIA ELECTRONIC FILING

Ms. Antonia Dunston
Interim 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/rkg

Enclosure

cc: Elizabeth Culpepper
Bruce Barkley
Pia Powers

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 4th day of October, 2021.

/s/ Richard K. Goley
Richard K. Goley

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 \$9.4 billion at the end of February 2021¹ to \$9.9 billion at the end of August 2021.² In total, Piedmont unitized \$550 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 August 31, 2021 was approximately \$1.3 billion. This amount represents the cumulative cost of in-service capital projects

¹ The last Status Report on Capital Project Unitization and Plant Retirements was filed by the Company on April 5, 2021, showing Piedmont's utility plant in service balance through February 28, 2021.

² August 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.³

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.

³ 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
October 4, 2021
Semi-Annual Status Report on Capital Project Unitization and Plant Retirements

Exhibit A

Account No.	Account Name	Total Company Balance at 2/28/2021	Activity: Increases	Activity: (Decreases)	Total Company Balance at 8/31/2021
10700	Construction Work in Progress	628,762,224	446,377,315	(711,390,210)	363,749,329
10600	Completed Construction Not Classified	1,102,471,129	726,558,495	(549,466,928)	1,279,562,696
10100	Utility Plant in Service	7,706,822,461	549,904,624	(28,243,580)	8,228,483,505
10510	Gas Plant Held for Future Use	2,643,834	-	4,104	2,647,938
Total		9,440,699,648	1,722,840,434	(1,289,096,614)	9,874,443,468

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EXHIBIT B

Piedmont Natural Gas Company, Inc.
NCUC Docket No. G-9, Sub 682
October 4, 2021
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Exhibit B

Detail for Account 10600 Balance as of 08/31/2021 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 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	\$ 23,967,667	108	\$ 10,349,714	68	\$ 9,652,350	9	\$ 94,149	7	\$ 3,871,453	24
2015	8,046,865	41	7,762,436	31	33,045	3	34,711	2	216,674	5
2016	5,266,017	45	1,800,371	28	67,900	3	87,336	3	3,310,411	11
Total Through 2016	37,280,550	194	19,912,521	127	9,753,295	15	216,196	12	7,398,538	40
2017	3,856,733	37	659,175	22	30,620	2	3,148,944	8	17,994	5
2018	5,123,274	57	2,894,185	29	-	-	1,137,205	13	1,091,884	15
2019	93,124,017	108	90,058,588	70	792,739	2	84,004	7	2,188,687	29
2020	391,286,864	367	315,899,317	291	-	-	1,268,799	2	74,118,748	74
2021	674,930,096	780	296,522,593	562	320,641,168	2	554,918	4	57,211,416	212
Blanket Projects	73,961,163	n/a	52,784,314	n/a	79,173	n/a	1,844,622	n/a	19,253,054	n/a
Grand Total	\$ 1,279,562,696	1,543	\$ 778,730,692	1,101	\$ 331,296,996	21	\$ 8,254,688	46	\$ 161,280,320	375