

**Cardinal Pipeline Company, LLC
Docket No. G-39, Subs 46 and 47
Cardinal Pipeline Fourth Set of Data Requests
Date Requested: June 16, 2022
Date Due: June 20, 2022**

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In responding to this request, please refer to the definitions and general instructions attached to the Cardinal Pipeline Second Set of Data Requests, which are incorporated herein.

Data Requests on Direct Testimony and Exhibits of Neha Patel

QUESTION CPC 5.7

Referencing Exhibit B of Ms. Patel's testimony, please provide supporting calculations for the Demand dekatherm determinants for Cardinal's Zone 2. To the extent Ms. Patel disagrees with Cardinal's dekatherm determinants for Zone 2 of 4,126,800 as shown on Statement I-2, please explain why.

RESPONSE:

The Public Staff accepts the Cardinal's demand dekatherm determinants for Zone 2 of 4,126,800 dekatherms as shown on Statement I-2.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-39, SUB 46
DOCKET NO. G-39, SUB 47

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-39, SUB 46)	
In the Matter of)	
Cardinal Pipeline Company, LLC)	PUBLIC STAFF’S RESPONSE
Depreciation Rate Study as of)	TO CARDINAL’S FIFTH DATA
December 31, 2020)	REQUEST
DOCKET NO. G-39, SUB 47)	
In the Matter of)	
Application of Cardinal Pipeline)	
Company, LLC for an Adjustment in)	
its Rates and Charges)	

Requests on Direct Testimony and Exhibits of Sonja Johnson

CPC-Staff-5.1 Exhibit I, Schedule 3-1, please explain and provide the basis for including negative salvage expense in the calculation of the total average remaining life in Public Staff’s calculation of the Reverse South Georgia. Please include any precedent, testimony, orders relied upon in deciding to include negative salvage expense in the calculation.

Response

In the calculation of the total average remaining life (ARL) of the Reverse South Georgia, the Public Staff utilized Exhibit (KM-002), Statement H-3(a) as a template; updating the amounts for depreciable plant, accumulated depreciation reserve, and depreciation expense to calculate a new ARL per the Public Staff. The Public Staff is currently considering whether negative salvage should remain in the calculation and would like to further discuss this matter with the Company. The Public Staff’s financial analysts will request a meeting with Company personnel for Thursday June 23, 2022.

CPC-Staff-5.2 With reference to Exhibit 1, Schedule 2, column c, line 4 of Ms. Johnson’s testimony, please confirm that the amount of (11,539) should be 11,539. Further, please confirm that, when updating Working Capital to the March 31, 2022 actuals provided by Cardinal in response to Public Staff 5-4 (March 2022 Updates), Statement E, Public Staff’s calculation of the 13-month average from March 2021 through March 2022 equals \$357,899.

Response

The Public Staff confirms that the amount reported on Johnson Exhibit I, Schedule 2, column c, line 4 should have been 11,539 and not (11,539). The Public Staff also agrees that the correct 13-month average is \$357,899. Please see the attached file “Working Capital Avg Balance.xlsx”



Working Capital
Avg Balance.xlsx

CPC-Staff-5.3 With reference to Exhibit I, Schedule 3, Footnote 7 of Ms. Johnson’s testimony, please confirm the rate used to calculate the regulatory fee reflected in Ms. Johnson’s exhibits.

Response

The Public Staff utilized the currently approved rate of .0013 as shown on Johnson Exhibit I, Schedule 1b, line 8 to calculate the revenue factors and on schedule 1a NOI&RB After, but inadvertently utilized a rate of .0014 in cell AD20 of Johnson Exhibit I, Schedule 3 “NOI After Adjusts.”

CPC-Staff-5.4 Does Ms. Johnson agree that it is appropriate to remove Asset Retirement Obligation capital for ratemaking purposes in the calculation of total Gas Plant In-Service? If the answer is no, please explain why Ms. Johnson does not agree.

Response

Yes, the Public Staff agrees that it is appropriate to remove Asset Retirement Obligation capital for ratemaking purposes in the calculation of total Gas Plant In-Service.

CPC-Staff-5.5 Please confirm that, once the Asset Retirement Obligation capital is removed from total Gas Plant In-Service from the March 2022 Updates, Public Staff’s calculation of the total depreciation and negative salvage expense is equal to \$4,060,108 using the depreciation and negative salvage rates recommended by Public Staff witness Ms. McCullar.

Response

The Public Staff has calculated a slightly different depreciation and negative salvage expense of \$4,060,636. Please see the attached file “Cardinal Depreciation.xlsx”



Cardinal
Depreciation_srj.xlsx

CPC-Staff-5.6 Please reconcile the amounts shown on Schedule 1a, column (b) for General Taxes (Line 7), Income taxes (Line 8) and Net operating income for a return (Line 10) with the amounts shown on Schedule 3, column (g) for General Taxes (Line 7), Income taxes (Line 8) and Net operating income for a return (Line 13).

Response

Please see the attached file “Cardinal Reconciliation.xlsx” The difference is as a result an incorrect regulatory fee being used on Johnson Exhibit I, Schedule 3 “NOI After Adjusts” in cell AD20. This error caused the difference in general taxes and therefore income taxes and net operating income for a return as well.



Cardinal
Reconciliation.xlsx

CARDINAL PIPELINE COMPANY, LLC
Depreciation, Depletion and Amortization Expense
For the Period Ended 3/31/2022

Line No.	Description of Function (A)	Depreciable Gas Plant As Adjusted (B) \$	Current Annual Depr. Rate (C)	Cardinal Proposed Annual Depr. Rate (D)	McCullar Annual Depr. Rate (E)	Expense Per Books (F) \$	Cardinal Adjustment (G) \$	Public Staff Adjustment (H) \$	Cardinal Depreciation Expense (I) \$	Public Staff Depreciation Expense (J) \$	Cardinal Calculated Depreciation Expense Using Public Staff Depreciation Rates (K) \$	
Intangible Plant												
1	Franchises and Consents	302	176,783	4.00%	0.55%	0.56%	7,071	(6,099)	(6,081)	972	990	990
2	Miscellaneous Intangible Plant	303	898,093	2.19%	1.57%	1.64%	19,668	(5,568)	(4,939)	14,100	14,729	14,729
3	Intangible		<u>1,074,876</u>				<u>26,740</u>	<u>(11,668)</u>	<u>(11,021)</u>	<u>15,072</u>	<u>15,719</u>	<u>15,719</u>
Transmission Plant												
4	Land Rights	365.12	96,745	2.00%	1.93%	1.91%	1,935	(68)	(87)	1,867	1,848	1,848
			658,661	0.00%	0.00%	0.00%	-	-	-	-	0	-
5	Rights-of-way	365.2	4,011,679	2.00%	1.97%	1.99%	80,234	(1,204)	(402)	79,030	79,832	79,832
6	Structures and Improvements	366.1	2,673,056	3.00%	3.51%	3.49%	80,192	13,632	13,098	93,824	93,290	93,290
7	Structures and Improvements Measure	366.2	1,428,304	2.63%	2.85%	2.87%	37,564	3,143	3,428	40,707	40,992	40,992
8	Mains	367	100,636,221	2.20%	2.50%	2.51%	2,213,997	301,909	311,972	2,515,906	2,525,969	2,525,969
9	Compressor Station Equipment	368	35,453,273	3.03%	2.94%	2.92%	1,074,234	(31,908)	(38,998)	1,042,326	1,035,236	1,035,236
10	Measuring and Reg. Sta. Equipment	369	8,764,591	3.18%	2.49%	2.54%	278,714	(60,476)	(56,093)	218,238	222,621	222,621
11	Land	365.11	0	0.00%	0.00%	0.00%	0	0	0	0	0	-
12	Transmission and Land		<u>153,722,531</u>				<u>3,766,870</u>	<u>225,028</u>	<u>232,918</u>	<u>3,991,898</u>	<u>3,999,788</u>	<u>3,999,788</u>
13	% of Gross Plant (Net of General Plant)											
General Plant 1/												
14	Structures and Improvements fully depreciated	390	5,269	0.00%	10.00%	10.00%	0	527		527	527	-
15	Office Furniture and Equipment - Developed Software	391.1	113,439	7.69%	6.67%	6.67%	8,723	(1,157)		7,566	7,566	7,566
16	Furniture & Equipment - Software (fully depreciated)	391.1	843,871	0.00%	0.00%	0.00%	0	0		0	0	-
17	Office Furniture and Equipment - Data Process & Computer Equip.	391.2	2,989	25.00%	12.50%	12.50%	747	(374)		374	374	374
18	Office Furniture and Equipment - Tower Office Furniture & Equip	391.3	32,228	8.33%	10.00%	10.00%	2,685	538		3,223	3,223	3,223
18	Transportation Equipment	392	0	18.00%	16.67%	16.67%	0	0		0	0	-
19	Transportation Equipment (fully depreciated)	392	3,761	0.00%	0.00%	0.00%	0	0		0	0	-
20	Tools, Shop, and Garage Equipment	394	577,431	8.33%	5.00%	5.00%	48,100	(19,228)		28,872	28,872	28,872
21	Power Operated Equipment	396	31,910	7.92%	10.00%	10.00%	2,527	664		3,191	3,191	3,191
22	Power Operated Equipment (fully depreciated)	396	10,649	0.00%	0.00%	0.00%	0	0		0	0	-
23	Communication Equipment	397	31,632	7.14%	4.35%	4.35%	2,259	(883)		1,376	1,376	1,376
24	Communication Equipment - Original (fully depreciated)	397	142,401	0.00%	0.00%	0.00%	0	0		0	0	-
25	General Plant Allocated 1/		<u>1,795,579</u>				<u>65,041</u>	<u>(19,913)</u>		<u>45,128</u>	<u>45,129</u>	<u>44,601</u>
26	Total Depreciable Gas Plant in Service		<u>156,592,986</u>				<u>3,858,650</u>	<u>193,448</u>		<u>4,052,098</u>	<u>4,060,636</u>	<u>4,060,108</u>
27	Asset Retirement Obligations		(6,013)									
28	Total Depreciable Gas Plant in Service		<u>156,586,973</u>									

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JUN 27 2022

Statement E

CARDINAL PIPELINE COMPANY, LLC
 Docket No. G-39, Sub 47
 Working Capital
 Average Balance as of March 31, 2022

Line No.	Month (A)	Line Pack (B) \$	Materials and Supplies (C) \$	Total (D) \$
1	March - 2021	194,912	114,587	309,499
2	April - 2021	105,759	115,821	221,580
3	May - 2021	211,664	140,972	352,636
4	June - 2021	141,781	189,942	331,723
5	July - 2021	219,346	190,235	409,581
6	August - 2021	204,086	187,421	391,507
7	September - 2021	188,392	187,524	375,915
8	October - 2021	204,452	187,615	392,067
9	November - 2021	169,010	188,771	357,781
10	December - 2021	189,790	188,669	378,459
11	January - 2022	189,790	199,302	389,092
12	February - 2022	162,044	189,939	351,983
13	March - 2022	198,953	191,913	390,867
14	Total	<u>2,379,979</u>	<u>2,272,711</u>	<u>4,652,691</u>
15	Thirteen Month Average	<u>183,075</u>	<u>174,824</u>	<u>357,899</u>