

McGuireWoods LLP
201 North Tryon Street
Suite 3000
Charlotte, NC 28202-2146
Phone: 704.343.2000
Fax: 704.343.2300
www.mcguirewoods.com

James H. Jeffries IV
Direct: 704.343.2348

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jjeffries@mcguirewoods.com

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Apr 02 2020

April 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

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 2nd day of April, 2020.

/s/ Sloane K. O'Hare

Sloane K. O'Hare

Piedmont Natural Gas Company, Inc.
NCUC Docket No. G-9, Sub 682
April 2, 2020

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 \$8.1 billion at the end of August 2019¹ to \$8.6 billion at the end of February 2020.² In total, Piedmont unitized \$528.1 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 \$13.2 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).

¹ The last Status Report on Capital Project Unitization and Plant Retirements was filed by the Company on October 3, 2019, showing Piedmont's utility plant in service balance through August 31, 2019.

² February 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 February 28, 2020 was approximately \$1.6 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.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 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 2, 2020

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

Exhibit A

Account No.	Account Name	Total Company Balance at 8/31/2019	Activity: Increases	Activity: (Decreases)	Total Company Balance at 2/29/2020
10700	Construction Work in Progress	\$ 507,034,706	\$ 534,668,801	\$ (533,165,995)	\$ 508,537,512
10600	Completed Construction Not Classified	1,601,829,588	524,620,497	(528,143,943)	1,598,306,142
10100	Utility Plant in Service	6,020,753,037	528,143,943	(13,202,270)	6,535,694,710
10500	Gas Plant Held for Future Use	7,253,311	84	(596)	7,252,799
Total		\$ 8,136,870,642	\$ 1,587,433,325	\$ (1,074,512,804)	\$ 8,649,791,163

EXHIBIT B

Piedmont Natural Gas Company, Inc.

NCUC Docket No. G-9, Sub 682

April 2, 2020

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

Exhibit B

Detail on Account 10600 Balance as of 02/29/2020 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	\$ 211,665,773	632	\$ 126,482,206	448	\$ 9,771,648	11	\$ 872,940	13	\$ 74,538,979	160
2015	71,651,477	316	55,692,035	215	2,111,967	12	1,513,767	10	12,333,709	79
2016	88,109,209	391	57,235,152	252	4,837,401	20	3,363,691	12	22,672,965	107
Total Through 2016	371,426,459	1,339	239,409,393	915	16,721,016	43	5,750,397	35	109,545,653	346
2017	123,813,387	619	86,375,962	426	3,175,172	10	6,064,228	30	28,198,024	153
2018	180,328,572	576	137,907,257	352	635,186	5	4,379,030	64	37,407,100	155
2019	674,351,838	893	478,398,298	613	58,574,156	5	9,445,264	16	127,934,120	259
2020	105,278,581	145	96,589,445	105	-	-	1,751,170	3	6,937,966	37
Blanket Projects	143,107,305	n/a	81,418,123	n/a	8,016,944	n/a	17,385,090	n/a	36,287,148	n/a
Grand Total	\$ 1,598,306,141	3,572	\$ 1,120,098,479	2,411	\$ 87,122,474	63	\$ 44,775,178	148	\$ 346,310,010	950