

October 3, 2022

**VIA ELECTRONIC FILING**

Ms. Antonia Dunston  
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/bms

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 \$10.2 billion at the end of February 2022<sup>1</sup> to \$10.7 billion at the end of August 2022.<sup>2</sup> In total, Piedmont unitized \$479 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, 2022 was approximately \$1.1 billion. This amount represents the cumulative cost of in-service capital projects that have not yet been unitized as of that date. Table 1 on [Exhibit B](#) provides a breakdown of this total

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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 4, 2022, showing Piedmont's utility plant in service balance through February 28, 2022.

<sup>2</sup> August 2022 is the most recent closed accounting month as of the date of preparation of this status report.

by jurisdiction and age.<sup>3</sup> Table 2 on Exhibit B shows a comparison of these balances to the same balances shown in Piedmont's previously filed Semi-Annual Status Report on Capital Project Unitization and Plant Retirements filed by the Company on April 4, 2022.

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, 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 3, 2022

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

Exhibit A

Account No.	Account Name	Balance as of 2/28/2022	Total Activity Increases	(Decreases)	Balance as of 8/31/2022
107000/107004	Construction Work in Progress	279,185,682	430,004,833	(313,411,525)	395,778,990
106000	Completed Construction Not Classified	1,214,777,913	313,411,525	(443,363,677)	1,084,825,761
101000	Utility Plant in Service	8,735,301,954	478,892,148	(21,156,107)	9,193,037,995
105100	Gas Plant Held for Future Use	2,656,674	7,893	(23,039)	2,641,528
Total		10,231,922,223	1,222,316,399	(777,954,348)	10,676,284,274

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# EXHIBIT B

Table 1: Detail for Account 10600 Balance as of 08/31/2022 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
2015 and prior	\$ 2,562,312	41	\$ 2,112,722	26	\$ 21,067	2	\$ 37,906	3	\$ 390,617	10
2016	842,147	16	705,921	11	34,363	1	201	1	101,662	3
2017	560,430	20	17,141	11	30,620	2	482,913	2	29,756	5
Total Through 2017	3,964,890	77	2,835,785	48	86,050	5	521,020	6	522,035	18
2018	15,766	5	(2,489)	3	-	0	-	0	18,255	2
2019	289,981	14	224,027	9	-	0	-	0	65,955	5
2020	8,450,157	35	5,433,223	24	-	0	-	0	3,016,933	11
2021	641,433,387	406	290,544,742	357	330,998,117	6	2,516,651	2	17,373,877	41
2022	286,448,052	872	243,473,326	665	93,359	1	5,536,359	8	37,345,008	198
Blanket Project	144,223,529	n/a	93,005,557	n/a	-	n/a	2,138,508	n/a	49,079,464	n/a
Grand Total	\$ 1,084,825,761	1,409	\$ 635,514,170	1,106	\$ 331,177,527	12	\$ 10,712,537	16	\$ 107,421,528	275

Table 2: Comparison of Total Company Account 10600 Balance per Current Semi-Annual Status Report to Total Company Account 10600 Balance per Previously Filed Semi-Annual Status Report Dated April 4, 2022.

In-Service Date	TOTAL COMPANY		TOTAL COMPANY	
	Balance to be Unitized as of 2/28/22	Project Count as of 2/28/22	Change in Balance to be Unitized	Change in Project Count
2015 and prior	\$ 10,056,802	50	\$ (7,494,490)	(9)
2016	898,335	22	(56,188)	(6)
2017	876,385	30	(315,955)	(10)
Total Through 2017	11,831,522	102	(7,866,632)	(25)
2018	1,162,001	12	(1,146,235)	(7)
2019	4,097,432	39	(3,807,451)	(25)
2020	169,676,556	83	(161,226,399)	(48)
2021	876,425,932	1,022	(234,992,545)	(616)
2022	41,470,213	196	244,977,839	676
Blanket Project	110,114,257	n/a	34,109,272	n/a
Grand Total	\$ 1,214,777,913	1,454	\$ (129,952,152)	(45)