Before the
North Carolina Utilities Commission

Docket No. G-9, Sub 781

General Rate Case

Settlement Testimony and Exhibits
of
Pia K. Powers

On Behalf Of
Piedmont Natural Gas Company, Inc.

Piedmont Natural Gas

September 7, 2021

Q. Ms. Powers, please state your name and business address.

A. My name is Pia K. Powers. My business address is 4720 Piedmont Row Drive, Charlotte, North Carolina.

Q. Are you the same Pia K. Powers who prefiled direct testimony in this docket on March 22, 2021?

A. Yes, I am.

Q. What is the purpose of your Settlement Testimony in this proceeding?

A. My Settlement Testimony explains the economic adjustments to Piedmont's filed case[1] as reflected in the Stipulation of Partial Settlement ("Stipulation") between Piedmont and the Public Staff - North Carolina Utilities Commission ("Public Staff"), the Carolina Utility Customers Association, Inc. ("CUCA"), and the Carolina Industrial Group for Fair Utility Rates IV ("CIGFUR IV") (together, the "Stipulating Parties"). My Settlement Testimony also addresses certain other components of the Stipulation.

Q. Do you have any exhibits supporting your testimony?

A. Yes. I have two. Settlement Exhibit__(PKP-1) is a reconciliation chart identifying the settled adjustments to Piedmont's rate increase request, wholly excluding the estimated amounts for the Company's Robeson LNG and Pender-Onslow projects. Settlement Exhibit__(PKP-2) is a similar reconciliation chart, although it is inclusive of the estimated impact of these projects.

1 Including Piedmont's rate case Update Filing to the NCUC on July 28, 2021.

Q. Was this exhibit prepared by you or under your direction and supervision?

A. Yes.

Q. Can you explain how the Public Staff pursued its investigation in this matter?

A. Following the filing of our Application and supporting testimony, the Public Staff engaged in substantial discovery regarding our filing. This included more than 840 individual data requests (not counting parts and subparts) in 137 sets of discovery requests. When Piedmont filed its cost-of-service update on July 28, 2021 ("Update Filing"), the Public Staff also engaged in a due diligence review of the Update Filing.

Q. How did the Public Staff and Piedmont go about pursuing settlement discussions in this case?

A. We met with the Public Staff via video conference on several occasions to explore and vet mutually agreeable terms for a settlement. Our initial discussions were aimed at making sure we had a common understanding of our respective litigation positions and filed testimony. After we completed these discussions, we moved on to substantive settlement negotiations and we were able to reach agreement on several issues in this case between Piedmont and the Public Staff. This agreement is reflected in the Stipulation filed concurrently with this testimony.

Q. Has Piedmont attempted to reach a settlement with the other parties to this case?

A. Yes. We have held discussions with CUCA and CIGFUR IV in an effort to obtain their consent to join in the settlement and we were able to do so after reaching a proposed rate design that is acceptable to all. We did not reach out to the Attorney General, NUCOR or the Fayetteville Public Works Commission as these parties did not file testimony in this proceeding.

Q. Do you believe the settlement with the Public Staff is in the public interest and otherwise just and reasonable?

A. Yes. The Stipulation results in substantial economic benefits to our customers through the cost reductions agreed to with the Public Staff. It also avoids the expenditure of assets that would otherwise be necessary to litigate each of the contested issues in this docket and provides greater certainty of outcome to the Stipulating Parties.

Q. Can you provide a brief overview of the revenue impact associated with the Stipulation?

A. Yes. The main revenue impact of the Stipulation pertains to the adjustment of Piedmont's base margin revenues. The Stipulation shows that base margin revenue in two ways – excluding the Robeson LNG and Pender-Onslow projects (Settlement Exhibit A1), as well as inclusive of the estimated amounts for the Robeson LNG and Pender-Onslow projects (Settlement Exhibit A2). Settlement Exhibit_(PKP-1) and Settlement Exhibit__(PKP-2) are aligned with Settlement Exhibits A1 and A2, respectively. Exclusive of the Robeson LNG and Pender-Onslow projects, the settled base margin revenue requirement increase is approximately $34.1 million, which is shown on Line 46 of Settlement Exhibit_(PKP-1). Inclusive of the estimated amount of the Robeson LNG and Pender-Onslow projects, the settled base margin revenue requirement increase would be approximately $67.1 million, which is shown on Line 46 of Settlement Exhibit_(PKP-2).

There are two other revenue impacts associated with the Stipulation. The first impact pertains to cost of gas ("COG") revenues. The Stipulation calls for a change to the base COG revenues, which are reflected identically on Lines 47 thru 49 on each of my settlement exhibits. The effect of the settled change to the base COG revenues is an increase of $6,931,287. The base COG revenue adjustment has no direct impact to Piedmont's earnings. Rather, the purpose of the adjustment is to better align Piedmont's going-level COG expense with its base COG revenues, all of which may also be further modified as needed pursuant to the procedures for rate adjustments set forth under G.S. 62-133.4 and Appendix A of Piedmont's North Carolina Service Regulations.

The second impact is a flow-thru update pertaining to the riders established in Piedmont's last general rate case[2] for the refund to customers of excess deferred income taxes ("EDIT"). The amortization period for two of the three EDIT riders established in Piedmont's last general rate case has not yet concluded – specifically, the riders to refund

2 Docket No. G-9, Sub 743

to customers unprotected federal EDIT and state EDIT are set to conclude on October 31, 2024 and October 31, 2022, respectively. The Company's approved overall rate of return was a component used in the calculation of annual revenue requirement impact for each of these two EDIT riders in the Company's last general rate case. Since the outcome of this current general rate case will modify Piedmont's approved overall rate of return, the Stipulation updates these two EDIT riders over their remaining amortization periods for the effect of the stipulated overall rate of return. The total annual refund to customers for unprotected federal EDIT was updated to $(25,562,970) as shown on Line 51 of each of my settlement exhibits, which is a difference of $(2,258,701) from the approved amount in the Company's last rate case. The total annual refund to customers for state EDIT was updated to $(22,201,275) as shown on Line 52 of each of my settlement exhibits, which is a difference of $(1,466,121) from the approved amount in the Company's last rate case.

Q. What is the expected revenue impact associated with the Stipulation once updated for the actual cost of the Robeson LNG and Pender-Onslow projects as of August 31, 2021?

A. The Company's accounting books and records for the month of August 2021 will be finalized within a few days. For this timing reason, it was not feasible to incorporate the effect of the August 31, 2021 "actuals" for these two projects into Settlement Exhibit_(PKP-2) nor the exhibits supporting the Stipulation. Nevertheless, the revenue impact of incorporating the actual Robeson LNG and Pender-Onslow costs as of August 31, 2021 is expected to be very close to that shown in Settlement Exhibit__(PKP-2). In other words, it is expected to yield a stipulated margin revenue increase between approximately $67 million and $68 million.

Q. Please explain the adjustments to Piedmont's cost of service as agreed to in the Stipulation, and the associated impact to the margin revenue requirement.

A. The individual cost of service adjustments are identified on my settlement exhibits attached hereto and represent, in aggregate, a downward adjustment from Piedmont's proposed annual margin revenues in its Update Filing. The cumulative impact to margin revenues of each of these cost of service adjustments is shown on Line 45 of each of my settlement exhibits. Excluding the Robeson LNG and Pender-Onslow projects, the Stipulation includes approximately ($62.7 million) of cost of service adjustments impacting base margin revenues. Including the Robeson LNG and Pender-Onslow projects, the Stipulation includes approximately ($29.7 million) of cost of service adjustments impacting base margin revenues.

The individual cost of service adjustments in the Stipulation can be categorized as follows:

1. <u>Capital Structure and Cost of Capital</u>. The Stipulating Parties agreed that the appropriate capital structure for use in this

proceeding consists of 51.60% common equity, 47.75% long-term debt, and 0.65% short-term debt. The agreed cost of long-term debt is 4.08% and the agreed cost of short-term debt is 0.20%. The agreed return on common equity appropriate for use in this proceeding is 9.60%. These modifications resulted in a downward adjustment to Piedmont's margin revenue requirement of approximately ($22.7 million), which is represented on both of my settlement exhibits as the sum of Lines 4 thru 7.

2. <u>Other Operating Revenues</u>. The Stipulating Parties agreed to use in the cost of service computation an increased level of pro forma other operating revenues. This settlement modification resulted in a downward adjustment to Piedmont's margin revenue requirement of approximately ($1.9 million), which is represented on both of my settlement exhibits on Line 14.

3. <u>Employee Compensation</u>. The Stipulating Parties agreed to remove certain employee compensation costs for ratemaking, including a portion of executive payroll, and certain incentive pay. Adjustments were also agreed upon regarding the going-level cost of the remaining payroll expense, pension, health insurance expense and other employee benefits. These modifications resulted in a downward adjustment to Piedmont's margin revenue requirement of approximately ($2.4 million), which is represented on both of my settlement exhibits as the sum of Lines 18 thru 20, 23 and 24.

4. Amortization of Certain Regulatory Assets and Rate Case Expense. The Stipulating Parties agreed to amortize all previously authorized regulatory asset end of period balances (comprised of Pipeline Integrity Management-Transmission ("PIM-T") deferred expenses, Pipeline Integrity Management-Distribution ("PIM-D") deferred expenses, Eastern NCNG deferred O&M expenses, environmental compliance assessment and clean-up deferred expenses, and regulatory fee deferred expenses) over a period of four years in each case. The Stipulating Parties also agreed to the Company's estimate of rate case expense for this proceeding, to be amortized over four years along with the removal of the unamortized deferred balance of the rate case expenses from the Company's last general rate case. On these matters, including the level of each deferred balance included in the working capital components of rate base, the Stipulation resulted in a downward adjustment to Piedmont's margin revenue requirement of approximately ($0.2 million). This is represented on both of my settlement exhibits as the sum of Lines 25, and 30 thru 34.

5. Non-Utility Adjustment. The Stipulating Parties agreed to include a non-utility adjustment for ratemaking, comprised of amounts of operating expense and rate base, that was greater than the Company's proposed non-utility adjustment. Accordingly, the Stipulation resulted in a downward adjustment to Piedmont's margin revenue requirement of

approximately ($0.5 million), which is represented on both of my settlement exhibits on Line 29.

6. Other Expenses. The Stipulating Parties agreed to a variety of adjustments to other expenses for ratemaking that encompassed the following categories of expense: sponsorships and donations, inflation, lobbying, uncollectibles, Board of Directors, interest on customer deposits, regulatory fee, non-recurring COVID-related expenses incurred during the test period, and certain aviation and advertising costs. These modifications taken together resulted in a downward adjustment to Piedmont's margin revenue requirement of approximately ($2.7 million), which is represented on both of my settlement exhibits as the sum of Lines 21, 22, 26 thru 28, and 35 thru 40.

7. Plant, Accumulated Depreciation, Accumulated Deferred Income Taxes, Depreciation Expense and other Related Adjustments including those associated with the Robeson LNG and Pender-Onslow projects. The Stipulating Parties agreed to several changes to Piedmont's rate base in the Stipulation, including ratemaking adjustments for the amortization of protected EDIT as updated for the current ARAM rate. Other rate base-related adjustments include an alignment of depreciation expense and accumulated depreciation with the stipulated plant in service balance, and an alignment of property tax with the settled changes to rate base net of non-utility adjustments, and an alignment of lead/lag to with

all other stipulated adjustments. Exclusive of the Robeson LNG and Pender-Onslow projects, these settlement modifications resulted in a downward adjustment to Piedmont's revenue requirement of approximately $(32.2 million), which is represented on Settlement Exhibit__(PKP-1) as the sum of Lines 8, 9, 11, 12, 16, 17 and 41 thru 44. Inclusive of the Robeson LNG and Pender-Onslow projects, these settlement modifications are estimated to result in an upward adjustment to Piedmont's revenue requirement of approximately $0.8 million, which is represented on Settlement Exhibit_(PKP-2) as the sum of Lines 8, 9, 11, 12, 16, 17 and 41 thru 44.[3]

Q. Did Piedmont expressly agree with each of the component adjustments in the Stipulation?

A. No. In fact, Piedmont strongly disagreed with many of these adjustments on an individual basis and the Public Staff likewise opposed many of these adjustments in isolation. In order to reach settlement, however, Piedmont and the Public Staff both compromised on a large number of individual issues in order to reach an overall accommodation in this case. The settlement was arrived at as a whole and, as the Stipulation indicates, each

3 The main cost of service effect of the exclusion of the Robeson LNG and Pender-Onslow projects is shown on Lines 8 and 16 of my settlement exhibits. Piedmont's Update Filing requested an approximate $96.9 million annual margin revenue requirement increase, which included the Robeson LNG and Pender-Onslow projects (as estimated) in rate base and operating expense. Showing the Stipulated margin revenue requirement increase inclusive of the Robeson LNG and Pender-Onslow projects (as estimated) comports with the sum of the settlement adjustments shown on Lines 8 and 16 of Settlement Exhibit__(PKP-2).

individual adjustment may not have been agreeable to all parties participating in this settlement. However, when considered as a whole, the totality of the adjustments was acceptable to each of the Stipulating Parties. For this reason, the Stipulating Parties agree that no precedent is intended to be established by the individual adjustments or component provisions of the Stipulation but that each would support the Stipulation as a whole before the Commission as a reasonable resolution of Piedmont's rate case filing.

Q. Do you believe that the overall settlement reached by the parties and presented to the Commission is just and reasonable and otherwise compliant with the requirements of North Carolina law?

A. Yes, I do.

Q. Does the Stipulation address any non-economic issues and/or or economic issues other than the cost of service adjustments underlying the stipulated revenue requirement increase?

A. Yes, there are several. The Stipulation calls for the continuation of the Integrity Management Rider ("IMR") mechanism. The Stipulation calls for approval of Piedmont's proposed modifications to its Tariff, namely the elimination of Rate Schedules 12 and T-12, and modifications to Rate Schedules 107, 113, 114 and 143. The Stipulation calls for termination of the Line 434 Revenue Rider, since the cancellation of the Atlantic Coast Pipeline eliminated the need for the operation/existence of this rider. The Stipulation also calls for approval of Piedmont's proposed modifications to its Service Regulations, namely modifications to Appendix B (Customer Agent Agreement) and Appendix E (IMR mechanism). Note that several factors in the Appendix E of the Company's Service Regulations need to align to the stipulated revenues and throughput by rate class and will accordingly be updated and filed with the Commission after finalization of the stipulated revenue requirement and rates per the pending updates for the Robeson LNG and Pender-Onslow projects.

The Stipulating Parties agreed to Piedmont's rollout of new and modified Energy Efficiency Programs ("EE Program(s)"), and that the entire EE portfolio - both the existing and new/modified EE Programs - be authorized for a three-year pilot in order to collect operational data, perform evaluation, measurement, and verification ("EM&V"), and assess cost-effectiveness. The Company also proposed, in Appendix H of its Service Regulations, a rider to enable the recovery of all approved EE Program expenses on a going-forward basis starting November 1, 2021. The Company's proposal, as explained in my prefiled Direct Testimony, requested Commission approval for regulatory asset treatment for its EE Program expenses in the absence of approval of Piedmont's proposed Appendix H.[4] The Stipulating Parties agreed with the Company's proposal to remove the EE Program expenses from the base revenue requirement set in this proceeding and that Piedmont should recover these

4 Note that the Commission's approval of regulatory asset treatment on this matter, in lieu of approval of Piedmont's proposed Appendix H, would defer deliberation of EE Program cost recovery by rate class until Piedmont's next general rate case proceeding.

costs through a mechanism other than base rates set in this proceeding. However the Stipulating Parties have not yet reached agreement on the details of how that cost recovery should precisely work.

The Stipulating Parties agreed that the Commission should allow Piedmont to join and participate in the affordability stakeholder collaborative currently being conducted around electric service provided by Piedmont's affiliates, Duke Energy Progress and Duke Energy Carolinas. The Stipulating Parties also agree to certain customer-supportive revisions to Piedmont's model used to calculate the feasibility of extending natural gas service to its residential and commercial customers. The Stipulation also supports the undertaking of two studies proposed in the direct testimony of Public Staff witness Dustin Metz, which pertain to the breakdown of costs and customer usage between Piedmont's North Carolina and South Carolina jurisdictions.

Q. Are the adjustments to revenues and rates proposed in the Stipulation fair, just and reasonable?

A. Yes, I believe so. The revenues and rates agreed to as part of the Stipulation were the product of give and take negotiations between the Stipulating Parties. Each party analyzed the settlement terms, revenues and rates and concluded they were reasonable for purposes of settling this proceeding. The settlement rates are also very beneficial to customers, as they are significantly lower in comparison to Piedmont's proposed rates in this docket.

Q. What will be the impact on customers of the stipulated revenue request?

A. In my prefiled Direct Testimony explained that Piedmont's revenue request, as filed in the Company's application at a total increase of $109.0 million, would increase Piedmont's annual revenue by approximately $95 per residential customer (or an average monthly increase of just under $8).[5] By comparison, the annual residential customer impact under the Stipulation excluding the Robeson LNG and Pender-Onslow projects, is approximately $37 (or an average monthly increase of approximately $3).[6] By including the Robeson LNG and Pender-Onslow projects as currently estimated, the annual revenue impact per residential customer under the Stipulation is approximately $65 (or an average monthly increase of approximately $5.50).[7]

Q. Do you believe that the stipulated revenue and rate increase, including the stipulated ROE, is consistent with the statutory factors identified in G.S. 62-133 and is otherwise fair and reasonable to Piedmont and its customers considering changing economic conditions?

---

5 The calculation of this residential bill impact was shown in footnote 1 of my prefiled Direct Testimony.

6 Line 50 of Settlement Exhibit_(PKP-1) shows the total revenue requirement increase of approximately $41.1 million. The Stipulation calls for approximately $25.7 million of this increase to be borne by the residential class of customers, which now represents approximately 702,600 customers. Therefore, the stipulated revenue increase per residential customer is $37 (= $25.7 million ÷ 702,600 customers).

7 Line 50 of Settlement Exhibit_(PKP-2) shows the total revenue requirement increase of approximately $74.1 million. The Stipulation calls for approximately $46.0 million of this increase to be borne by the residential class of customers, which now represents approximately 702,600 customers. Therefore, the stipulated revenue increase per residential customer is $65 (= $46.0 million ÷ 702,600 customers).

A. Yes, I do, for all of the reasons I mentioned above.

Q. What are you requesting the Commission do in this case?

A. I am requesting that the Commission, on the basis the agreement reached by the Stipulating Parties and its own independent evaluation of all the evidence presented in this case, approve the terms of the Stipulation reached with the Public Staff as just and reasonable and the appropriate resolution of this case.

Q. Does this conclude your Settlement Testimony?

A. Yes, thank you.

Settlement Exhibit__(PKP-1)

OFFICIAL COPY

Sep 07 2021

Settlement Exhibit_(PKP-1)

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
SUMMARY OF SETTLEMENT ADJUSTMENTS
Excluding Robeson LNG & Pender-Onslow
For The Test Year Ended December 31, 2020

Line No.	Item	Settlement	
1	**Increase in Revenue Requirement as Requested by the Company in its 3/22/2021 Filed Application**	**$109,025,725**	
2	Adjustment to the Company 's Request per its 7/28/2021 Update Filing	(12,153,620)	
3	**Increase in Revenue Requirement as Requested per the Company's Update Filing (Line 1 - Line 2)**	**$96,872,105**	
	Settlement Adjustments to Margin Revenue:		
4	Change in Equity ratio from 52% to 51.60%	(1,935,965)	
5	Change in cost of long-term debt from 4.08% to 4.08%	0	
6	Change in cost of short-term debt from 0.35% to 0.20%	(46,446)	
7	Change in return on equity from 10.25% to 9.60%	(20,743,428)	
8	Plant in Service Updates and Related Items	(27,888,796)	[1]
9	ADIT - updated balance to June 30, 2021	0	
10	Design Day Allocation Change - removed Public Staff adjustment	0	
11	Cash working capital - Lead Lag based on pro forma revenues and expenses	(1,046,450)	
12	Other working capital - June 30, 2021 updates	0	
13	EOP Revenues & Commodity COG - moved to line 47	0	
14	Adjustment to other operating revenues	(1,905,124)	
15	Adjustment to the Demand Cost of Gas - moved to line 48	0	
16	Robeson LNG Adjustment - Lines 456 and 457, land, and operating expenses	(5,189,068)	[1]
17	Special Contract (Original Lincoln CT) - remove plant previously recovered through lump sum payment	(111,287)	
18	Payroll and Related Expenses	(15,965)	
19	Other Benefits	(1,313,594)	
20	Pension OPEB LTD Expense	(436,672)	
21	Customer Payment Fees	0	
22	Board Expenses	(362,829)	
23	Executive Compensation	(270,949)	
24	Incentive Plans	(367,973)	
25	Rate Case Expenses - 4 year amortization, no unamortized balance from G-9 Sub 743	(175,794)	
26	Sponsorships & Donations	(63,771)	
27	Uncollectibles	(1,015,778)	
28	Inflation Adjustment	(160,589)	
29	Nonutility Adjustment - operating expenses and rate base	(547,483)	
30	Deferral: PIM-T Costs - update actual expenses @ June 30, 2021, 4 year amort, adjusted reg asset EOP bal	(272,957)	
31	Deferral: Environmental Costs - update actual expenses @ June 30, 2021, 4 year amort, adjusted reg asset EOP bal	26,407	
32	Deferral: PIM-D Costs - update actual expenses @ June 30, 2021, 4 year amort, adjusted reg asset EOP bal	389,477	
33	Deferral: Eastern NCNG, 4 year amortization	(138,435)	
34	Deferral: Undercollection of Regulatory Fee, 4 year amortization	(54,416)	
35	COVID Expense Adjustment	(438,384)	
36	Regulatory Fee Expense	3,797	
37	Advertising - remove promotional, image, competitive, & non-recurring	(384,905)	
38	Aviation Expense	(192,202)	
39	Interest on customer deposits	(490)	
40	Lobbying Expenses	(76,564)	
41	Amortization of Federal protected EDIT, net of tax	1,652,340	
42	Change in retention factor - Uncollectibles and Regulatory Fee changes	(88,311)	
43	Adjust cash working capital for recommended revenue increase	433,855	
44	Rounding	305	
45	Total Settlement Adjustments to Margin Revenue (Sum of Lines 4 thru 44)	(62,738,445)	
46	**Settlement Increase in Margin Revenue (Line 3 + Line 45)**	**$34,133,660**	
47	Decrease in Commodity Cost of Gas - update CU & LAUF factor	(2,035,207)	
48	Increase in Demand Cost of Gas - update of fixed gas costs	8,966,494	
49	**Settlement Increase in COG of Gas Revenues (Line 47 + Line 48)**	**6,931,287**	
50	**Total Settlement Revenue Requirement Increase (Line 46 + Line 49)**	**$41,064,947**	
	EDIT Rider impacts on Revenue Requirement:		
51	Annunal Amount of Federal Unprotected EDIT Rider, 3 year remaining flow back	($25,562,970)	
52	Annual Amount of State EDIT Rider, 1 year remaining flow back	(22,201,275)	
53	Annual EDIT Rider Impact (Line 51 + Line 52)	($47,764,245)	
54	Change in Revenue Requirement for Year 1, including EDIT Rider Impact (Line 50 + Line 53)	($6,699,298)	[2]
55	Change in Revenue Requirement for Years 2 & 3, including EDIT Rider Impact (Line 50 + Line 51)	$15,501,977	[2]
56	Change in Revenue Requirement for Years 4 & thereafter, including EDIT Rider Impact (Line 50)	$41,064,947	[2]

[1] Excludes the Robeson LNG and Pender-Onslow projects

[2] Year 1 = Nov 1, 2021 thru Oct 31, 2022
Year 2 = Nov 1, 2022 thru Oct 31, 2023
Year 3 = Nov 1, 2023 thru Oct 31, 2024
Year 4 = Nov 1, 2024 thru Oct 31, 2025

Settlement Exhibit__(PKP-2)

Settlement Exhibit_(PKP-2)

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
SUMMARY OF SETTLEMENT ADJUSTMENTS
Including Robeson LNG & Pender-Onslow
For The Test Year Ended December 31, 2020

Line No.	Item	Settlement	
1	**Increase in Revenue Requirement as Requested by the Company in its 3/22/2021 Filed Application**	**$109,025,725**	
2	Adjustment to the Company 's Request per its 7/28/2021 Update Filing	(12,153,620)	
3	**Increase in Revenue Requirement as Requested per the Company's Update Filing (Line 1 - Line 2)**	**$96,872,105**	
	Settlement Adjustments to Margin Revenue:		
4	Change in Equity ratio from 52% to 51.60%	(1,935,965)	
5	Change in cost of long-term debt from 4.08% to 4.08%	0	
6	Change in cost of short-term debt from 0.35% to 0.20%	(46,446)	
7	Change in return on equity from 10.25% to 9.60%	(20,743,428)	
8	Plant in Service Updates and Related Items	(254,099)	[1]
9	ADIT - updated balance to June 30, 2021	0	
10	Design Day Allocation Change - removed Public Staff adjustment	0	
11	Cash working capital - Lead Lag based on pro forma revenues and expenses	(1,215,364)	
12	Other working capital - June 30, 2021 updates	0	
13	EOP Revenues & Commodity COG - moved to line 47	0	
14	Adjustment to other operating revenues	(1,905,124)	
15	Adjustment to the Demand Cost of Gas - moved to line 48	0	
16	Robeson LNG Adjustment - Lines 456 and 457, land, and operating expenses	0	[1]
17	Special Contract (Original Lincoln CT) - remove plant previously recovered through lump sum payment	(111,287)	
18	Payroll and Related Expenses	(15,965)	
19	Other Benefits	(1,313,594)	
20	Pension OPEB LTD Expense	(436,672)	
21	Customer Payment Fees	0	
22	Board Expenses	(362,829)	
23	Executive Compensation	(270,949)	
24	Incentive Plans	(367,973)	
25	Rate Case Expenses - 4 year amortization, no unamortized balance from G-9 Sub 743	(175,794)	
26	Sponsorships & Donations	(63,771)	
27	Uncollectibles	(1,015,778)	
28	Inflation Adjustment	(160,589)	
29	Nonutility Adjustment - operating expenses and rate base	(547,483)	
30	Deferral: PIM-T Costs - update actual expenses @ June 30, 2021, 4 year amort, adjusted reg asset EOP bal	(272,957)	
31	Deferral: Environmental Costs - update actual expenses @ June 30, 2021, 4 year amort, adjusted reg asset EOP bal	26,407	
32	Deferral: PIM-D Costs - update actual expenses @ June 30, 2021, 4 year amort, adjusted reg asset EOP bal	389,477	
33	Deferral: Eastern NCNG, 4 year amortization	(138,435)	
34	Deferral: Undercollection of Regulatory Fee, 4 year amortization	(54,416)	
35	COVID Expense Adjustment	(438,384)	
36	Regulatory Fee Expense	3,797	
37	Advertising - remove promotional, image, competitive, & non-recurring	(384,905)	
38	Aviation Expense	(192,202)	
39	Interest on customer deposits	(490)	
40	Lobbying Expenses	(76,564)	
41	Amortization of Federal protected EDIT, net of tax	1,652,340	
42	Change in retention factor - Uncollectibles and Regulatory Fee changes	(88,311)	
43	Adjust cash working capital for recommended revenue increase	782,540	
44	Rounding	308	
45	Total Settlement Adjustments to Margin Revenue (Sum of Lines 4 thru 44)	(29,734,906)	
46	**Settlement Increase in Margin Revenue (Line 3 + Line 45)**	**$67,137,199**	
47	Decrease in Commodity Cost of Gas - update CU & LAUF factor	(2,035,207)	
48	Increase in Demand Cost of Gas - update of fixed gas costs	8,966,494	
49	**Settlement Increase in COG of Gas Revenues (Line 47 + Line 48)**	6,931,287	
50	**Total Settlement Revenue Requirement Increase (Line 46 + Line 49)**	**$74,068,486**	
	EDIT Rider impacts on Revenue Requirement:		
51	Annunal Amount of Federal Unprotected EDIT Rider, 3 year remaining flow back	($25,562,970)	
52	Annual Amount of State EDIT Rider, 1 year remaining flow back	(22,201,275)	
53	Annual EDIT Rider Impact (Line 51 + Line 52)	**($47,764,245)**	
54	Change in Revenue Requirement for Year 1, including EDIT Rider Impact (Line 50 + Line 53)	$26,304,241	[2]
55	Change in Revenue Requirement for Years 2 & 3, including EDIT Rider Impact (Line 50 + Line 51)	$48,505,516	[2]
56	Change in Revenue Requirement for Years 4 & thereafter, including EDIT Rider Impact (Line 50)	$74,068,486	[2]

[1] Includes the Robeson LNG and Pender-Onslow projects

[2] Year 1 = Nov 1, 2021 thru Oct 31, 2022
Year 2 = Nov 1, 2022 thru Oct 31, 2023
Year 3 = Nov 1, 2023 thru Oct 31, 2024
Year 4 = Nov 1, 2024 thru Oct 31, 2025