



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

August 11, 2021

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. G-9, Sub 722 – Petition for Consolidated Construction/Redelivery Agreement; G-9, Sub 781 – Application for General Rate Increase; and G-9, Sub 786 – Application of Piedmont Natural Gas Company, Inc., for Modifications to Existing Energy Efficiency Program and Approval of New Energy Efficiency Programs

Dear Ms. Dunston:

Attached for filing in the above-referenced docket is the confidential testimony and exhibit(s) of Julie G. Perry, Manager, Natural Gas & Transportation Section, Accounting Division.

By copy of this letter, I am forwarding a copy of the redacted version to all parties of record by electronic delivery. The confidential version will be provided to those parties that have entered into a confidentiality agreement.

Sincerely,

Electronically submitted
s/ Elizabeth D. Culpepper
Staff Attorney
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s/ Megan Jost
Staff Attorney
megan.jost@psncuc.nc.gov

Attachment

Executive Director
(919) 733-2435

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(919) 733-4279

Consumer Services
(919) 733-9277

Economic Research
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(919) 733-5610

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-9, SUB 722
DOCKET NO. G-9, SUB 781
DOCKET NO. G-9, SUB 786

DOCKET NO. G-9, SUB 722)	
)	
In the Matter of)	
Consolidated Natural Gas Construction)	
and Redelivery Services Agreement)	
Between Piedmont Natural Gas)	
Company, Inc., and Duke Energy)	
Carolinas, LLC)	
)	
DOCKET NO. G-9, SUB 781)	
)	
In the Matter of)	TESTIMONY OF
Application of Piedmont Natural Gas)	JULIE G. PERRY
Company, Inc., for an Adjustment of)	PUBLIC STAFF – NORTH
Rates, Charges, and Tariffs Applicable)	CAROLINA UTILITIES
to Service in North Carolina)	COMMISSION
)	
DOCKET NO. G-9, SUB 786)	
)	
In the Matter of)	
Application of Piedmont Natural Gas)	
Company, Inc., for Modification to)	
Existing Energy Efficiency Program)	
and Approval of New Energy Efficiency)	
Programs)	

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-9, SUB 722
DOCKET NO. G-9, SUB 781
DOCKET NO. G-9, SUB 786

TESTIMONY OF JULIE G. PERRY

ON BEHALF OF THE PUBLIC STAFF –
NORTH CAROLINA UTILITIES COMMISSION

AUGUST 11, 2021

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **PRESENT POSITION.**

3 A. My name is Julie G. Perry. My business address is 430 North
4 Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am the
5 Accounting Manager of the Natural Gas & Transportation Section in
6 the Accounting Division of the Public Staff.

7 **Q. BRIEFLY STATE YOUR QUALIFICATIONS AND DUTIES.**

8 A. My qualifications and duties are set forth in Appendix A.

9 **Q. WHAT IS THE NATURE OF THE APPLICATION IN THIS RATE**
10 **CASE?**

11 A. Piedmont Natural Gas Company, Inc. (Piedmont or the Company),
12 filed an application with the Commission on March 22, 2021, in
13 Docket No. G-9, Sub 781, with a test period ended December 31,
14 2021, seeking authority for: (i) a general increase in and revisions to
15 the rates and charges for customers served by the Company; (ii)

1 continuation of Piedmont's Integrity Management Rider (IMR)
2 mechanism; (iii) continued regulatory asset treatment for certain
3 incremental Transmission Integrity Management Program (TIMP)
4 and Distribution Integrity Management Program (DIMP) operations
5 and maintenance (O&M) expenses, and certain incremental
6 environmental cleanup and remediation O&M expenses; (iv)
7 continued utilization of the depreciation rates for the Company's
8 North Carolina and joint property assets approved in Docket No.
9 G-9, Sub 743, the Company's most recent general rate case in 2019
10 (Sub 743 rate case); (v) revised and updated amortizations and
11 recovery of certain regulatory assets accrued since the Sub 743 rate
12 case; (vi) utilization of the lead-lag study filed by Piedmont in the 743
13 rate case; (vii) adoption of a rider mechanism to allow Piedmont to
14 recover the costs of its approved energy efficiency (EE) programs
15 from customers on a commensurate basis with the electric utilities
16 with whom Piedmont competes or, in the alternative, authorization to
17 defer costs associated with Piedmont's approved energy efficiency
18 programs pending amortization at the Commission's discretion at
19 some later date; and (viii) other updates and revisions to Piedmont's
20 rate schedules and service regulations.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to present the Public Staff's
3 accounting and ratemaking adjustments and to incorporate the
4 adjustments recommended by other Public Staff witnesses who work
5 in the Accounting, Energy, and Economic Research Divisions. The
6 Public Staff has made its adjustments based on its investigation of
7 the revenue, expenses, and rate base presented by the Company in
8 support of its request for an annual revenue requirement increase of
9 approximately \$109 million in this proceeding. In addition to this
10 amount, the application also provides for continued decreases
11 related to the remaining years of the approved Excess Deferred
12 Income Taxes (EDIT) riders.

13 **Q. BRIEFLY EXPLAIN THE SCOPE OF YOUR INVESTIGATION**
14 **REGARDING THIS RATE INCREASE APPLICATION.**

15 A. My investigation included a review of the application, testimony,
16 exhibits, and other data filed by the Company, an examination of the
17 books and records for the test year, and a review of the Company's
18 accounting, end-of-period, and after-period adjustments to test year
19 revenue, expenses, and rate base. The Public Staff has also
20 conducted extensive discovery in this matter, including the review of
21 responses provided by the Company in response to Public Staff data

1 requests, participation in extensive virtual meetings with the
2 Company, and an on-site visit to the Robeson LNG facility.

3 **Q. PLEASE BRIEFLY DESCRIBE THE PUBLIC STAFF'S**
4 **PRESENTATION OF THE ISSUES IN THIS CASE.**

5 A. Each Public Staff witness will present testimony and exhibits
6 supporting his or her position, and recommend any appropriate
7 adjustments to the Company's proposed rate base and cost of
8 service. My exhibits incorporate adjustments from other Public Staff
9 witnesses, as well as the adjustments I recommend.

10 **Q. PLEASE GIVE A MORE DETAILED DESCRIPTION OF THE**
11 **ORGANIZATION OF YOUR EXHIBITS.**

12 A. Schedule 1 of Perry Exhibit I presents a reconciliation of the
13 difference between the Company's requested revenue increase of
14 \$109,025,725 and the Public Staff's recommended decrease of
15 (\$462,808). In addition, the Public Staff has recommended
16 decreases to the revenue requirement associated with the refund of
17 the remaining EDIT riders approved in the Company's Sub 743 rate
18 case.

19 Schedule 2 presents the Public Staff's adjusted North Carolina retail
20 original cost rate base. The adjustments made to the Company's

1 proposed level of rate base are summarized on Schedule 2-1 and
2 are detailed on backup schedules.

3 Schedule 3 presents a statement of net operating income for return
4 under present rates as adjusted by the Public Staff. The Public Staff's
5 adjustments are detailed on backup schedules.

6 Schedule 4 presents the calculation of required net operating
7 income, based on the rate base and cost of capital recommended by
8 the Public Staff.

9 Schedule 5 presents the calculation of the required decrease in
10 operating revenue necessary to achieve the required net operating
11 income. This revenue decrease is equal to the Public Staff's
12 recommended revenue decrease shown on Schedule 1.

13 **Q. WHAT ADJUSTMENTS RECOMMENDED BY OTHER PUBLIC**
14 **STAFF WITNESSES DO YOUR EXHIBITS INCORPORATE?**

15 A. My exhibits reflect the following adjustments recommended by other
16 Public Staff witnesses:

17 (1) The recommendations of Public Staff witness Hinton
18 regarding the overall cost of capital, capital structure,
19 embedded cost of long-term debt, return on common equity,
20 and inflation rates.

21 (2) The recommendation of Public Staff witness Patel regarding
22 the following items:

23 (a) Cost of Gas; and

- 1 (b) End-of-Period Revenues and Bills.
- 2 (3) The recommendation of Public Staff witnesses Singer and
3 Williams regarding EE Programs.
- 4 (4) The recommendations of Public Staff witness Metz regarding
5 the following items:
- 6 (a) Robeson LNG facility; and
7 (b) Design Day Allocator.
- 8 (5) The recommendations of Public Staff witness Feasel
9 regarding the following items:
- 10 (a) Other Working Capital Updates;
11 (b) Deferred Transmission Pipeline Integrity Costs;
12 (c) Deferred Distribution Pipeline Integrity Costs;
13 (d) Deferred Environmental Costs; and
14 (e) Lead Lag Study.
- 15 (6) The recommendations of Public Staff witness Coleman
16 regarding the following items:
- 17 (a) Board of Directors Expenses;
18 (b) Other Benefits; and
19 (c) Executive Compensation.
- 20 **Q. PLEASE DESCRIBE YOUR RECOMMENDED ADJUSTMENTS.**
- 21 A. The accounting and ratemaking adjustments that I will discuss relate
22 to the following items:
- 23 (1) Plant in Service
24 (2) Accumulated Depreciation
25 (3) Accumulated Deferred Income Taxes (ADIT)
26 (4) Depreciation Expense
27 (5) Property Tax
28 (6) Special Contract Adjustment
29 (7) Deferred Eastern NCNG Costs
30 (8) Deferred Undercollection of NCUC Regulatory Fee
31 (9) Other Operating Revenues
32 (10) Payroll
33 (11) Short-Term and Long-Term Incentive Plans (STIP and LTIP)
34 (12) Pension, Other Post-Employment Benefits (OPEB) and Long
35 Term Disability (LTD) Expense

1	(13)	Rate Case Expenses
2	(14)	Regulatory Fee Expense
3	(15)	Aviation Expenses
4	(16)	Uncollectibles
5	(17)	Advertising
6	(18)	Lobbying
7	(19)	Sponsorship and Dues
8	(20)	Inflation
9	(21)	COVID-19 Related Expenses
10	(22)	Customer Payment Fees
11	(23)	Non-utility Adjustment
12	(24)	Interest on Customer Deposits
13	(25)	Excess Deferred Income Taxes (EDIT) Riders
14	(26)	Integrity Management Rider (IMR) mechanism and tariff
15	(27)	EE Program Mechanism
16	(28)	Duke Lincoln Contract and Commission questions

17 **PLANT IN SERVICE AND ACCUMULATED DEPRECIATION**

18 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO PLANT IN SERVICE**
19 **AND ACCUMULATED DEPRECIATION.**

20 A. I have updated plant in service and accumulated depreciation for
21 known and actual changes through May 31, 2021, the Public Staff's
22 cutoff date for post-test year plant additions in this filing, and which
23 effectively removed estimated additions for June 2021, as reflected
24 by the Company.¹ I have also made an end-of-period depreciation
25 adjustment to accumulated depreciation for the difference between
26 the annual depreciation expense per the Public Staff and the book
27 depreciation expense for the 12 months ended May 31, 2021. Perry

¹ As discussed later in this testimony, the Public Staff plans to consider the Company's June 2021 update in supplemental testimony.

1 Exhibit I Schedule 2-1 and all of its backup schedules reflect the
2 calculation of and adjustments to plant in service and accumulated
3 depreciation by the Public Staff.

4 In addition, I have made an adjustment to remove the Robeson LNG
5 land and dedicated transmission lines closed to plant as of May 31,
6 2021 based on the recommendation of Public Staff witness Metz
7 since the LNG facility is not yet in service.

8 **ADIT**

9 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO ADIT.**

10 A. I have updated accumulated deferred income taxes to the amount
11 recorded on the Company's books as of May 31, 2021, the Public
12 Staff's cutoff date for post-test year plant additions in this filing.

13 **DEPRECIATION EXPENSE**

14 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO DEPRECIATION**
15 **EXPENSE.**

16 A. I made adjustments to (1) correct various depreciation rates that
17 were approved in the depreciation study included in the Sub 743 rate
18 case, and (2) apply the approved rates to present an annualized
19 amount of depreciation expense based on the actual plant in service
20 as of May 31, 2021. Perry Exhibit I, Schedule 2-1 and all of its backup

1 schedules reflect the calculation of and adjustments to depreciation
2 expense by the Public Staff.

3 **PROPERTY TAX**

4 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO PROPERTY TAX.**

5 A. Based on data request responses, the Company revised the property
6 tax rate used to calculate property tax expense in this proceeding. I
7 have applied the revised property tax rate to the net plant in service
8 balance as of May 31, 2021, in order to calculate property tax
9 expense. Perry Exhibit I, Schedule 2-1 and all of its backup
10 schedules reflect the calculation of and adjustments to property tax
11 made by the Public Staff.

12 **SPECIAL CONTRACT ADJUSTMENT**

13 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO SPECIAL**
14 **CONTRACTS.**

15 A. I have removed the estimated plant and accumulated depreciation
16 associated with the initial Duke Lincoln contract since Duke Energy
17 Carolinas, LLC (DEC), previously paid Piedmont for the entire cost
18 of the pipeline serving the Duke Lincoln plant. I have made this
19 adjustment using the Sub 743 rate case adjustment data because
20 the Company did not provide this information in response to a Public
21 Staff data request.

1 **EASTERN NCNG DEFERRED O&M EXPENSES**

2 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO EASTERN NCNG**
3 **DEFERRED O&M EXPENSES.**

4 A. The Company updated the amortization amount in the cost of service
5 consistent with the Sub 743 rate case treatment. During its
6 investigation in this proceeding, the Public Staff found some incorrect
7 assumptions in the calculations that were approved in the Sub 743
8 rate case and has corrected them in this case. The Public Staff
9 recommends that the revised principal and interest balances be
10 amortized over the Company's proposed four-year amortization
11 period in this case at the net of tax overall rate of return approved in
12 this case.

13 **DEFERRED UNDERCOLLECTION OF NCUC REGULATORY**
14 **FEE**

15 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO DEFERRED**
16 **UNDERCOLLECTION OF NCUC REGULATORY FEE EXPENSE.**

17 A. The Public Staff updated this adjustment consistent with the balance
18 approved in the Sub 743 rate case order and reflected amortizations
19 through November 30, 2021, to estimate the expected date of rates
20 in this proceeding, whereas the Company updated amortizations
21 through October 31, 2021. I have amortized the remaining balance
22 over four years consistent with the Company's adjustment.

1 The Public Staff further recommends that the deferred balance less
2 one full year of amortization be allowed to earn a return in rate base.
3 In making this recommendation, the Public Staff does not intend to
4 indicate that it believes these deferred costs to constitute used and
5 useful property; instead, the Public Staff has included the costs in
6 rate base as a convenient and efficient way of providing for a return
7 on the deferred costs. The Public Staff considers the provision for a
8 return to be reasonable in this case, but believes that the
9 Commission's provision of such is discretionary, not obligatory, in
10 nature.

11 **OTHER OPERATING REVENUES**

12 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO OTHER**
13 **OPERATING REVENUES.**

14 A. The Company reflected the test year level of other operating
15 revenues in its application, which were extremely low. The Company
16 stated that it continues to be subject to the Commission requirement
17 in Docket No. M-100, Sub 158 to forgo assessing late payment
18 charges on customer accounts and is uncertain as to when the
19 Commission will lift this moratorium on the Company's ability to
20 assess late payment charges on customer accounts. I have
21 determined an ongoing reasonable level of Late Payment Revenues,
22 Miscellaneous Service Revenues, and Rent from Gas Properties by

1 utilizing a five-year average of these other operating revenues. This
2 methodology recognizes the extremely low test year levels along
3 with higher years in determining a reasonable, ongoing level once
4 the COVID-19 restrictions have been lifted.

5 **PAYROLL EXPENSE**

6 Q. **PLEASE EXPLAIN YOUR PROPOSED PAYROLL EXPENSE**
7 **ADJUSTMENT.**

8 A. I updated the annualized payroll expense to a level that reflects pay
9 rates and employees as of May 31, 2021, excluding temporary
10 positions, which resulted in a reduction to the Company's pro forma
11 level of payroll expense as reflected in Perry Exhibit I, Schedule 3-1.

12 **INCENTIVE PLANS**

13 Q. **PLEASE EXPLAIN YOUR ADJUSTMENT FOR THE COMPANY'S**
14 **SHORT-TERM AND LONG-TERM INCENTIVE PLANS.**

15 A. The Company offers two incentive plans to its employees: the Short-
16 Term Incentive Plan (STIP) and the Long-Term Incentive Plan
17 (LTIP). The STIP is offered to all employees, including executives.
18 The LTIP is comprised of two programs: the Executive LTI Plan and
19 the Restricted Stock Units (RSU) Plan. Employees that are members
20 of the Executive Leadership Team participate in the Executive LTI
21 Plan.

1 The STIP consists of goals set and approved by the Board of
2 Directors (BOD) of Duke Energy Corporation (Duke Energy) for a
3 one-year term. In 2020, the test year in this case, the goals consisted
4 of Earnings per Share (EPS), Operational Excellence, Customer
5 Satisfaction, as well as team and individual goals. The LTIP consists
6 of Performance Shares, which are further categorized between EPS
7 and Total Shareholder Return (TSR), and RSU. The LTIP goals are
8 set and approved by the BOD for a three-year period.

9 I have adjusted the Company's STIP pro forma level to exclude the
10 amounts that were based on the EPS metric for only the top
11 executives that are also included in the LTIP. The Public Staff
12 believes that the incentives related to EPS should be excluded
13 because they provide a direct benefit to shareholders, rather than to
14 ratepayers. It should be further noted that the EPS portion of the
15 STIP accounts for 50% of the executive level employee accrual.

16 I have adjusted Company's STIP pro forma level to exclude the EPS
17 and TSR metrics. The Public Staff believes that the incentives related
18 to EPS and TSR should be excluded because they provide a direct
19 benefit to shareholders, rather than to ratepayers. Therefore, these
20 costs should be borne by shareholders. This treatment is consistent
21 with incentive adjustments approved by the Commission in the last
22 general rate cases of DEC in Docket No. E-7, Sub 1214 (DEC Sub

1 1214 rate case) and Duke Energy Progress, LLC (DEP), in Docket
2 No. E-2, Sub 1219 (DEP Sub 1219 rate case). My adjustment is
3 shown on Perry Exhibit I, Schedule 3-2.

4 **PENSION, OPEB AND LTD EXPENSE**

5 **Q. PLEASE EXPLAIN THE PUBLIC STAFF'S ADJUSTMENT TO THE**
6 **COMPANY'S PENSION EXPENSE.**

7 A. In the current rate case filing, the Company proposed an increase to
8 its ongoing annual pension, OPEB, and LTD expense based on the
9 Company's 2021 projection. The Public Staff decreased the expense
10 amounts by using an annualized ongoing expense amount on
11 Piedmont's books as of May 31, 2021, to compute its adjustment as
12 shown on Perry Exhibit I, Schedule 3-3.

13 **RATE CASE EXPENSES**

14 **Q. PLEASE EXPLAIN THE PUBLIC STAFF'S ADJUSTMENT TO**
15 **DEFERRED RATE CASE EXPENSES.**

16 A. The Company proposed that the unamortized balance of rate case
17 expenses plus the estimate of rate case expenses for the current
18 general rate case be amortized over a four-year period. The Public
19 Staff has reviewed the actual invoices paid as of June 30, 2021, and
20 the contracts related to the various consultants. I included an
21 expense level that reflects an average of the difference between the

1 Company's proposed amount and actual payments to determine the
2 rate case expenses. The Public Staff did allow actual payments for
3 regulatory notices.

4 The Public Staff did not include the unamortized balance of rate case
5 expenses from the Sub 743 rate case in its adjustment since the
6 Company has not been allowed deferred accounting treatment for
7 rate case expenses. This treatment is consistent with the treatment
8 of rate case expenses adjustments approved by the Commission in
9 the DEC Sub 1214 rate case and the DEP Sub 1219 rate case, since
10 the Commission has not approved regulatory asset treatment for rate
11 case expenses for a gas or electric utility.

12 **ADJUSTMENT TO REGULATORY FEE EXPENSE**

13 **Q. PLEASE EXPLAIN THE PUBLIC STAFF'S ADJUSTMENT TO THE**
14 **NCUC REGULATORY FEE.**

15 **A.** In its Order Decreasing Regulatory Fee Effective July 1, 2019 (issued
16 June 18, 2019, in Docket No. M-100, Sub 142), the Commission
17 ordered that the regulatory fee for noncompetitive jurisdictional
18 revenues shall be set at 0.13% effective July 1, 2019. The Public
19 Staff made an adjustment to update the regulatory fee expense as
20 needed for adjustments that impact revenues in this rate case.

21

1 AVIATION EXPENSES

2 **Q. WHAT ADJUSTMENT DO YOU RECOMMEND RELATED TO**
3 **AVIATION EXPENSES?**

4 A. The Company made an adjustment to remove 50% of aviation
5 expenses; however, the Public Staff made an additional adjustment
6 after investigating the aviation expenses charged to Piedmont's
7 North Carolina (NC) jurisdiction during the test year. Aviation
8 expenses are allocated to Piedmont through Duke Energy's service
9 company, Duke Energy Business Services LLC (DEBS), and then
10 are apportioned to Piedmont's NC operations through a North
11 Carolina jurisdictional allocation factor. Since corporate aircraft are
12 available for use by Duke Energy's officers, I reviewed the flight logs
13 to determine whether the flights charged to Piedmont should be
14 recoverable from ratepayers. Based on this review, I recommend that
15 certain expenses allocated to Piedmont's NC jurisdiction be removed
16 due to fact that most of the flights do not appear to have anything to
17 do with providing natural gas utility service. I also recommend that
18 50% of expenses related to BOD flights be disallowed consistent with
19 the BOD expense adjustment recommended by the Public Staff. My
20 adjustment is shown on Perry Exhibit I, Schedule 3-16.

UNCOLLECTIBLES EXPENSES

1
2 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO UNCOLLECTIBLES**
3 **EXPENSES.**

4 A. The Company made an adjustment to increase uncollectibles
5 expenses for the test period ended December 31, 2020, by excluding
6 the 2020 test period due to the COVID-19 pandemic and using the
7 highest two years of net write-offs expense as compared to the last
8 five years, which reflected a much higher-than-average
9 uncollectibles percentage and expense level.

10 Pursuant to its Purchased Gas Adjustment procedures, Piedmont
11 recovers the gas cost portion of uncollectible account write-offs by
12 charging the actual amounts to its Gas Cost Deferred Account.
13 Therefore, the only portion of uncollectibles that should be included
14 in O&M expenses in a rate case proceeding is the non-gas cost, also
15 known as "margin," portion of customer bills.

16 My adjustment uses the NC charge-offs based on a five-year
17 average of net NC charge-offs to sales and transportation revenues.
18 Even though the Company's net charges-offs for 2020 were low, I
19 recommend taking a five-year average since the other recent years
20 reflect very high uncollectible data due to cold weather events.
21 Therefore, my adjustment resulted in a decrease in uncollectibles

1 expense while reflecting an ongoing reasonable level as shown on
2 Perry Exhibit I, Schedule 3-4.

3 **ADVERTISING EXPENSES**

4 **Q. PLEASE DESCRIBE YOUR ADJUSTMENT TO ADVERTISING**
5 **EXPENSES.**

6 A. I first requested a detailed listing of all advertising expenses for the
7 test period. From this listing, I reviewed expenses from each
8 advertising account and also requested documentation to support
9 the expenses.
10 My adjustment, which is shown in Perry Exhibit I, Schedule 3, is
11 consistent with Commission Rule R12-13 and the Public Staff's
12 position in all of Piedmont's previous general rate case proceedings.

13 **LOBBYING EXPENSES**

14 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO LOBBYING**
15 **EXPENSES.**

16 A. I have adjusted O&M expenses to remove lobbying activities
17 charged to Piedmont during the test period consistent with the Public
18 Staff's positions in the Sub 743 rate case, DEC Sub 1214 rate case,
19 and the DEP Sub 1219 rate case. I adjusted lobbying expenses to
20 remove O&M expenses associated with Stakeholder Strategy and
21 Federal Government Affairs that were recorded above the line during

1 the test period. I recommend that test year lobbying expenses be
2 adjusted as shown in Perry Exhibit I, Schedule 3-17.

3 **SPONSORSHIPS AND DUES**

4 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO SPONSORSHIPS**
5 **AND DUES.**

6 A. I have decreased O&M expenses to remove amounts charged for
7 sponsorships and dues. These expenses should be disallowed
8 because they were not incurred in order to provide natural gas
9 service to Piedmont's customers. My recommended adjustment is
10 shown in Perry Exhibit I, Schedule 3-18.

11 **INFLATION**

12 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT FOR INFLATION.**

13 A. The Company made an adjustment to test period non-labor, non-fuel
14 O&M costs to reflect an increase in O&M expenses from the test year
15 that have not been adjusted elsewhere in the Company's filing. I
16 made an adjustment to inflation by first adjusting the base level of
17 O&M expenses used in the calculation to remove test year customer
18 growth-related expense accounts that the Company did not adjust
19 for in its filing due to higher than normal growth during the 2020 test
20 year. I have removed the customer billing expenses that are typically
21 removed since these expenses are most likely already unusually

1 higher than normal if growth was higher than normal during the test
2 period. Next, I have removed the test year expenses for additional
3 adjustments that the Public Staff is recommending, such as to
4 advertising, lobbying, and sponsorships and dues. Lastly, I have
5 reflected an updated inflation factor recommended to me by Public
6 Staff witness Hinton that uses the same methodology as the
7 Company, updated for 2021 and was applied to the remaining base
8 level of O&M expenses. These adjustments resulted in a Public Staff
9 adjustment as shown on Perry Exhibit I, Schedule 3-15.

10 **COVID-19 RELATED EXPENSES**

11 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO COVID-19**
12 **RELATED EXPENSES.**

13 A. The Company incurred approximately \$2.5 million of COVID-19
14 related expenses during the test period. The Company removed
15 approximately \$600,000 as non-recurring expenses for employee
16 stipends and walk-in fees from the test period and additionally
17 requested recovery of customer payment fees of approximately
18 \$863,000. The remaining \$953,000 was not supported as being an
19 ongoing level of expense and, therefore, the Public Staff made an
20 adjustment to remove it.

1 **CUSTOMER PAYMENT FEES**

2 **Q. PLEASE DESCRIBE PIEDMONT'S CONVENIENCE FEES.**

3 A. Piedmont's residential customers who are assisted by a customer
4 service representative to make a payment over the telephone by
5 credit card, debit card or bank draft (ACH) are assessed a \$3.50
6 convenience fee by the credit card payment vendor, Speedpay, Inc.
7 (Speedpay). These convenience fees have never been included in
8 the cost of service. Residential customers do not incur any direct
9 transaction fee for using their credit card, debit card, or ACH for
10 payment of bills through any of the other payment channels currently
11 offered by Piedmont; however, the fees paid by Piedmont for these
12 transactions are included in the cost of service.

13 **Q. HOW IS PIEDMONT PROPOSING TO HANDLE CONVENIENCE**
14 **FEES FOR CUSTOMER SERVICE REPRESENTATIVE ASSISTED**
15 **PAYMENTS FOR RESIDENTIAL CUSTOMERS IN THIS**
16 **PROCEEDING?**

17 A. During the period of April through December 2020 (nine months of
18 the test period in this proceeding), the Company waived the
19 convenience fee for customer service representative assisted
20 payments for residential customers and paid the third-party vendor
21 directly. The Company made a pro forma adjustment in this case to
22 include in the cost of service Speedpay convenience fees for

1 residential customers making payments over the telephone and
2 stated in response to a Public Staff data request that Piedmont would
3 no longer charge customers for using the payment method. The
4 Company is requesting that it be allowed to recover an annualized
5 level of these fees on an ongoing basis from all customers.

6 **Q. WHAT ADJUSTMENT HAVE YOU MADE TO CUSTOMER**
7 **PAYMENT EXPENSE?**

8 A. The Public Staff believes that the inclusion of the costs for payments
9 over the telephone with a customer service representative based on
10 a fee of \$3.50 per transaction is excessive. The contract with
11 Speedpay was entered into in **[BEGIN CONFIDENTIAL]** [REDACTED] **[END**
12 **CONFIDENTIAL]**, and the Public Staff believes the convenience fee
13 may be outdated. In comparison, the Public Staff has found that a
14 convenience fee of **[BEGIN CONFIDENTIAL]** [REDACTED]
15 [REDACTED]
16 [REDACTED] **[END CONFIDENTIAL]**.

17 The Public Staff recommends that the Company seek to renegotiate
18 a lower transaction fee for customer service representative assisted
19 payments in its contract with Speedpay. Alternatively, Piedmont
20 could **[BEGIN CONFIDENTIAL]** [REDACTED]
21 [REDACTED]
22 [REDACTED] **[END CONFIDENTIAL]**.

1 In lieu of removing the total pro forma expense amount, the Public
2 Staff recommends an adjustment based on a lesser per transaction
3 fee as shown in Perry Exhibit I, Schedule 3-7.

4 **NON-UTILITY ADJUSTMENT**

5 **Q. WHAT IS YOUR RECOMMENDATION REGARDING THE NON-**
6 **UTILITY ADJUSTMENT?**

7 A. The Company did not allocate a proportionate share of its general
8 administrative costs to its merchandising and jobbing (M&J)
9 operations and none to its equity investment affiliates. The Public
10 Staff applied revised non-utility factors to certain administrative and
11 general (A&G) senior level salaries, other corporate O&M expense
12 accounts, and general plant accounts. The revised factors
13 incorporate investment, revenues, and payroll in equity companies
14 at December 31, 2020. Based on Piedmont's response to a Public
15 Staff data request, I had a difficult time determining how certain
16 charges from DEBS were being handled as far as the equity
17 investment companies owned by Piedmont. I, therefore, included
18 some but not all of the equity investment companies in my calculation
19 of the non-utility factors.

20 The Company allocated a portion of its plant, accumulated
21 depreciation, and depreciation expense to its M&J operations, and
22 none was allocated to its equity investment affiliates. I have allocated

1 a portion of the Company's plant, accumulated depreciation, and
2 depreciation expense to the M&J operations and the equity
3 investment affiliates using the revised three-factor formula method
4 that was determined based on investment, revenues, and payroll as
5 shown on Perry Exhibit I, Schedule 3-19.

6 **EDIT RIDERS**

7 **Q. PLEASE DESCRIBE YOUR EDIT EXHIBIT II.**

8 A. Perry Exhibit II, Schedule 1 presents the calculation of Federal
9 Protected EDIT amounts in the Company's rate base and income
10 statement based on the remaining amortization period approved in
11 the Sub 743 rate case.

12 Perry Exhibit II, Schedule 2 sets forth the calculation of an annual
13 Federal Unprotected EDIT Rider amount to be in effect for three
14 remaining years.

15 Perry Exhibit II, Schedule 3 sets forth the calculation of an annual
16 State EDIT Rider amount to be in effect for one remaining year.

17 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO FEDERAL EDIT.**

18 A. In the prefiled direct testimony and exhibits of Company witness
19 Bowman, adjustments were not reflected to address the EDIT credit
20 riders that were approved in the Sub 743 rate case. In response to
21 Public Staff data requests, the Company stated that it was not aware

1 of a requirement for the Company to propose a change to these
2 settled and approved matters as a part of future general rate cases
3 (including this current one) nor any other proceeding.

4 The Public Staff updated the return cost components recommended
5 by Public Staff witness Hinton in the calculation of the levelized
6 Federal Protected and Unprotected EDIT credits, as well as the
7 levelized State EDIT credit and accordingly updated each credit for
8 the remaining amortization period. In addition, the Company's
9 responses indicated that certain reclassifications had been made
10 between the Protected and Unprotected Federal EDIT balances. The
11 Public Staff believes these adjustments to be reasonable for
12 purposes of this proceeding and has recalculated the Federal
13 Protected and Unprotected EDIT credits using the revised balances
14 estimated at December 1, 2021, the estimated effective date of rate
15 in this proceeding, and the remaining amortization periods approved
16 in the Sub 743 rate case.

17 **IMR MECHANISM AND TARIFF**

18 **Q. WHAT IS YOUR RECOMMENDATION REGARDING THE IMR**
19 **MECHANISM?**

20 **A.** As discussed in the Public Staff's 2020 Annual IMR Report in Docket
21 No. G-9, Sub 777, Piedmont and the Public Staff worked together to
22 modify the IMRR model to address the Public Staff's concerns

1 primarily in the determination of accumulated depreciation and ADIT
2 during the Sub 743 rate case proceeding. During the Public Staff's
3 review of the IMRR model since the Sub 743 rate case, we have
4 determined that additional modifications may be needed in these
5 areas to better align the plant and annual depreciation expense
6 allowed in the IMR with the offsetting credits to accumulated
7 depreciation and ADIT on a go forward basis. The Public Staff plans
8 to send to Piedmont a template of its proposed modifications to the
9 mechanism prior to the Company's Annual IMR filing on October 31,
10 2021, and will work with the Company to implement these changes.

11 The Public Staff will also update the tariff inputs for the margin
12 percentages by month and by rate class, as well as the special
13 contract credits once this hearing is complete.

14 **ENERGY EFFICIENCY PROGRAM MECHANISM**

15 **Q. WHAT IS YOUR RECOMMENDATION REGARDING THE**
16 **RECOVERY OF THE EE PROGRAMS?**

17 A. Based on the Public Staff's recommendation to approve the
18 Company's portfolio of programs as pilot programs for a three-year
19 period, we have determined that the Public Staff does not oppose
20 the implementation of an EE Rider. The structure of this Rider still
21 remains under discussion and the final recommendation of the Public
22 Staff will be provided in supplemental testimony.

1 DUKE LINCOLN CT CONTRACT

2 **Q. DO YOU AGREE WITH THE PUBLIC STAFF'S**
3 **RECOMMENDATIONS FILED ON JUNE 1, 2020, IN DOCKET NO.**
4 **G-9, SUB 722 IN RESPONSE TO THE COMMISSION'S ORDER**
5 **GRANTING EXTENSION OF INTERIM AUTHORITY TO OPERATE**
6 **UNDER SECOND REVISED AGREEMENT AND REQUIRING**
7 **PUBLIC STAFF ACTION ISSUED APRIL 20, 2020?**

8 A. Yes. The Public Staff's recommendations and proposed order filed
9 on June 1, 2020, are attached hereto as Perry Exhibit III and
10 Confidential Perry Exhibit IV.

11 **Q. DO YOU ALSO AGREE WITH THE PUBLIC STAFF'S JUNE 24,**
12 **2020 FILING, WHICH CORRECTED SEVERAL PAGES OF THE**
13 **PUBLIC STAFF'S RECOMMENDATIONS AND REVISED THE**
14 **PROPOSED ORDER FILED ON JUNE 1, 2020?**

15 A. Yes. The Public Staff's corrected recommendations and revised
16 proposed order filed on June 24, 2020, are attached hereto as Perry
17 Exhibit V and Confidential Perry Exhibit VI.

18 **Q. DO YOU ADOPT THE PUBLIC STAFF'S RECOMMENDATIONS**
19 **MADE ON JUNE 1, 2020, AS CORRECTED BY THE PUBLIC**
20 **STAFF'S JUNE 24, 2020 FILING, AS YOUR TESTIMONY IN THIS**
21 **PROCEEDING?**

22 A. Yes.

1 Q. DO YOU HAVE ANY MODIFICATIONS TO THE CORRECTED
2 RECOMMENDATIONS?

3 A. No.

4 Q. HAVE YOU PREPARED RESPONSES TO THE COMMISSION'S
5 QUESTIONS IN ATTACHMENT A TO ITS ORDER
6 CONSOLIDATING DOCKETS AND REQUIRING FILING OF
7 TESTIMONY ISSUED MARCH 16, 2021?

8 A. Yes. The responses are attached hereto as Perry Exhibit VII and
9 Confidential Perry Exhibit VIII.

10 **COMPANY'S UPDATE FILING**

11 Q. WHAT ARE YOUR COMMENTS REGARDING THE COMPANY'S
12 UPDATE FILING MADE ON JULY 28, 2021 (JUNE UPDATE)?

13 A. The Public Staff is aware of the June Update; however, given the
14 timing of the update filing and the due date of the Public Staff's
15 testimony, the Public Staff could not reasonably perform its
16 investigation on the Company's updated information in the short
17 amount of time before it was due to file testimony. The Public Staff
18 reserves the right to file supplemental testimony related to the
19 Company's June Update once its investigation of the updated
20 information is completed.

- 1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?
- 2 A. Yes, it does.

APPENDIX A

QUALIFICATIONS AND EXPERIENCE**JULIE G. PERRY**

I graduated from North Carolina State University in 1989 with a Bachelor of Arts degree in Accounting and I am a Certified Public Accountant.

Prior to joining the Public Staff, I was employed by the North Carolina State Auditor's Office. My duties there involved the performance of financial and operational audits of various state agencies, community colleges, and Clerks of Court.

I joined the Public Staff in September 1990, and was promoted to Supervisor of the Natural Gas Section in the Accounting Division in September 2000. I was promoted to Accounting Manager – Natural Gas & Transportation effective December 1, 2016. I have performed numerous audits and/or presented testimony and exhibits before the Commission addressing a wide range of natural gas topics.

Additionally, I have filed testimony and exhibits in numerous water rate cases and performed investigations and analyses addressing a wide range of topics and issues related to the water, electric, transportation, and telephone industries.

Perry Exhibit I
Schedule 1

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
SUMMARY OF PUBLIC STAFF ADJUSTMENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Public Staff Filed Amount
1	Application Increase in Revenue Requirement filed by the Company	\$109,025,725
	Public Staff Adjustments:	
2	Change in Equity ratio from 52% to 50.54%	(6,702,256)
3	Change in cost of long-term debt from 4.09% to 4.08%	(236,724)
4	Change in cost of short-term debt from 0.47% to 0.20%	(85,115)
5	Change in return on equity from 10.25% to 9.42%	(26,412,817)
6	Plant in Service Updates and Related Items at May 31, 2021	(56,741,982)
7	ADIT - updated to May 31, 2021	738,514
8	Design Day Allocation Change	(4,006,615)
9	Adjust working capital - Lead Lag	52,150
10	Other working capital - May 31, 2021 updates	541,350
11	Adjustment to end of period revenue - weather and growth and COG	(64,774,757)
12	Adjustment to other operating revenues	(1,894,144)
13	Adjustment to the Cost of Gas	66,925,077
13	Robeson LNG Adjustment	(5,498,027)
14	Special Contract - remove PIS associated with facilities	(174,335)
15	Payroll and Related Expenses	(2,399,614)
16	Other Benefits	(2,782,972)
26	Pension OPEB LTD Expense	(826,603)
17	Customer Payment Fees	(843,386)
18	Board Expenses	(362,778)
19	Executive Compensation	(270,911)
20	Incentive Plans	(367,921)
21	Rate Case Expenses - 4 year amortization	(238,369)
22	Sponsorships & Donations	(63,762)
23	Uncollectibles	(820,682)
24	Inflation Adjustment - removed certain expenses and updated rate	(719,351)
25	Nonutility Adjustment - O&M and plant	(598,751)
27	Deferral: PIM Transmission Costs - update actual expenses @ May 31, 2021, 4 years	(883,412)
28	Deferral: Environmental Costs - update actual expenses @ May 31, 2021, 4 years	70,700
29	Deferral: PIM Distribution Costs - update actual expenses @ May 31, 2021, 4 years	1,354,405
30	Deferral EasternNC, 4 year amortization	(138,923)
31	Deferred Undercollection of Regulatory Fee, 4 years	(55,933)
32	COVID Expense Adjustment - non recurring	(958,480)
33	Regulatory Fee Expense	1,067
34	Advertising - remove promotional, image, competitive, & non-recurring	(384,851)
35	Aviation Expense	(192,175)
36	Interest on customer deposits	(490)
37	Lobbying Expenses	(76,553)
38	Amortization of protected EDIT, net of tax	460,637
39	Change in retention factor - Uncollectibles and Regulatory Fee changes	(114,747)
40	Adjust cash working capital for revenue impact of Public Staff adjustments	(4,995)
41	Rounding	(3)
42	Public Staff Adjustments	(109,488,533)
43	Public Staff Revenue Requirement Increase	(\$462,808)
	Rider impacts on Public Staff Revenue Requirement:	
44	Federal Unprotected EDIT Rider, 3 year remaining flow back	(\$22,340,624)
45	State EDIT, 1 year remaining flow back	(20,483,570)
46	Public Staff Recommended Change in Revenue Requirement due to Riders (Sum of Lines 48-50)	(\$42,824,194)
47	Public Staff Recommended Change in Revenue Requirement for Year 1	(\$43,287,001)
54	Public Staff Recommended Change in Revenue Requirement for Years 2- 3	(\$22,803,432)
55	Public Staff Recommended Change in Revenue Requirement for Year 4	(\$462,808)

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
SUPPORT FOR RECONCILIATION SCHEDULE
For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 1-1

Line No.	Item	Amount
<u>Plant in Service Updates and Related Items at May 31, 2021</u>		
1	Rate base	(\$43,068,056) [1]
2	Income statement	(13,673,926) [2]
3	Total (L1 + L2)	<u>(\$56,741,982)</u>
<u>Special Contract Adjustment</u>		
4	Rate base	(\$174,335) [1]
5	Income statement	0 [2]
6	Total (L4 + L5)	<u>(\$174,335)</u>
<u>Deferred Environmental</u>		
7	Rate base	\$15,611 [1]
8	Income statement	55,089 [2]
9	Total	<u>\$70,700</u>
<u>Amortization of PIM - T Costs</u>		
10	Rate base	(\$1,932,390) [1]
11	Income statement	1,048,978 [2]
12	Total (L4 + L5)	<u>(\$883,412)</u>
<u>Amortization of PIM - D Costs</u>		
25	Rate base	\$230,143 [1]
26	Income statement	1,124,262 [2]
27	Total	<u>\$1,354,405</u>
<u>Robeson LNG Adjustment</u>		
13	Rate base	(\$2,978,750) [1]
14	Income statement	(2,519,277) [2]
15	Total (L4 + L5)	<u>(\$5,498,027)</u>
<u>Undercollection of Regulatory Fee</u>		
16	Rate base	(\$2,470)
17	Income statement	(53,463) [2]
18	Total	<u>(\$55,933)</u>
<u>Change in the Design Day Allocation %</u>		
19	Rate base	(\$265,037) [1]
20	Income statement	(3,741,578)
21	Total	<u>(\$4,006,615)</u>
<u>Amortization FIT- Protected EDIT</u>		
22	Rate base	\$325,301 [1]
23	Income statement	135,336 [2]
24	Total	<u>\$460,637</u>
<u>Nonutility Adjustment</u>		
28	Rate base	(\$227,324) [1]
29	Income statement	(371,427) [2]
30	Total (L4 + L5)	<u>(\$598,751)</u>

[1] Perry Exhibit I, Schedule 2(a).

[2] Perry Exhibit I, Schedule 3.

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Perry Exhibit I
Schedule 1-2

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
STATEMENT OF NET OPERATING INCOME FOR RETURN, RATE BASE AND OVERALL RETURN
For The Test Year Ended December 31, 2020

Line No.	Item	Per Company (a)	Public Staff Adjustments (b)	After Public Staff Adjustments (c)	Rate Increase (d)	After Rate Increase (e)
NET OPERATING INCOME FOR RETURN						
<u>Operating Revenues:</u>						
1	Sales and transportation of gas	\$1,045,885,591	\$64,775,120	\$1,110,660,711	(\$462,808)	\$1,110,197,903
2	Other operating revenues	1,136,144	1,894,155	3,030,299		3,030,299
3	Operating revenues, excl special contracts	1,047,021,735	66,669,275	1,113,691,010	(462,808)	1,113,228,201
4	Electric Generation & Special Contract Revenues	0	0	0		0
5	Total operating revenues	1,047,021,735	66,669,275	1,113,691,010	(462,808)	1,113,228,201
6	Cost of gas	303,827,431	62,993,513	366,820,944		366,820,944
7	Margin	743,194,304	3,675,762	746,870,066	(462,808)	746,407,258
<u>Operating Expenses:</u>						
8	Operating and maintenance	215,365,324	(10,396,916)	204,968,408	(2,600)	\$204,965,809
9	Depreciation	171,688,708	(8,326,132)	163,362,576		163,362,576
10	General taxes	41,152,004	(6,757,907)	34,394,096		34,394,096
11	State income tax (2.5%)	5,531,640	952,601	6,484,241	(11,475)	6,472,766
12	Federal income tax (21%)	41,241,001	7,801,802	49,042,803	(93,978)	48,948,825
13	Amortization of investment tax credits	(28,065)	0	(28,065)		(28,065)
14	Amortization of EDIT	0	103,657	103,657		103,657
15	Total operating expenses	474,950,612	(16,622,895)	458,327,716	(108,053)	458,219,663
16	Interest on customer deposits	(895,159)	375	(894,784)		(894,784)
17	Net operating income for return	\$267,348,533	\$20,299,032	\$287,647,566	(\$354,755)	\$287,292,810
RATE BASE						
18	Plant in service	\$7,170,414,094	(\$583,468,527)	\$6,586,945,567	\$0	\$6,586,945,567
20	Accumulated depreciation	(1,676,988,803)	16,139,663	(1,660,849,140)	0	(1,660,849,140)
21	Net plant in service	5,493,425,290	(567,328,864)	4,926,096,427	0	4,926,096,427
22	Working Capital - Other	95,430,840	5,614,423	101,045,263	0	101,045,263
23	Working Capital - Lead Lag	66,950,717	634,438	67,585,155	(60,763)	67,524,392
24	Deferred Regulatory Assets		50,627,726	50,627,726		50,627,726
25	Deferred Income Taxes	(904,324,847)	12,942,014	(891,382,833)	0	(891,382,833)
26	Original cost rate base	\$4,751,482,000	(\$497,510,263)	\$4,253,971,738	(\$60,763)	\$4,253,910,975
27	Overall Rate of Return on Rate Base	5.63%		6.75%		6.74%

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF GROSS REVENUE EFFECT FACTORS
For The Test Year Ended December 31, 2020

Line No.	Item	Capital Structure (a)	Cost Rates (b)	Retention Factors (c)	Gross Revenue Effect (d)	Composite Tax Rate (e)	Net of Tax Overall Rate of Return (f)
<u>Rate Base Factor:</u>							
1	Long-term debt	48.81%	4.08%	0.9943824	0.02002698	0.77025	1.53%
2	Short-term debt	0.65%	0.20%	0.9943824	0.00001307	0.77025	0.00%
3	Common equity	50.54%	9.42%	0.7659230	0.06215857	1.00000	4.76%
4	Total (Sum of L1 thru L3)	<u>100.00%</u>			<u>0.08219862</u>		<u>6.29%</u>
<u>Net Income Factor:</u>							
5	Total revenue				1.0000000		
6	Uncollectibles				<u>0.0043232</u>		
7	Balance (L5 - L6)				0.9956768		
8	Regulatory fee (L7 x current regulatory fee rate)				<u>0.0012944</u>		
9	Balance (L7 - L8)				0.9943824		
10	Less: State income tax (L9 x 2.5%)				<u>0.0248596</u>		
11	Balance (L9 - L10)				0.9695228		
12	Less: Federal income tax (L11 x 21%)				<u>0.2035998</u>		
13	Gross up factor (L11 - L12)				<u>0.7659230</u>		

Perry Exhibit I
Schedule 2

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2020

Line No.	Item	Under Present Rates			After Public Staff Recommended Increase		
		Company Adjusted	Public Staff	After	Public Staff	After	
		Per Company	Adjustments	Public Staff	Adjustments	Public Staff	
		[1]	[2]	Adjustments	[3]	Adjustments	[5]
		(a)	(b)	(c)	(d)	(e)	
1	Plant in service	\$7,170,414,094	(583,468,527)	\$6,586,945,567		\$6,586,945,567	
2	Accumulated depreciation	(1,676,988,803)	16,139,663	(1,660,849,140)		(1,660,849,140)	
3	Net plant in service (Sum of L1 thru L3)	5,493,425,290	(567,328,864)	4,926,096,427	0	4,926,096,427	
4	Working Capital - Other	95,430,840	5,614,423	101,045,263		101,045,263	
5	Working Capital - Lead Lag	66,950,717	634,438	67,585,155 [4]	(\$60,763)	\$67,524,392	
6	Deferred Regulatory Assets	71,176,810	(20,549,085)	50,627,726		50,627,726	
7	Deferred Income Taxes	(904,324,847)	12,942,014	(891,382,833)		(891,382,833)	
8	Original cost rate base (Sum of L4 thru L7)	\$4,822,658,812	(\$568,687,073)	\$4,253,971,738	(\$60,763)	\$4,253,910,975	

[1] Bowman Exhibit_(QPB-7), Page 1 of 4, Column (3)

[2] Perry Exhibit I, Schedule 2(a).

[3] Column (a) plus Column (b).

[4] Perry Exhibit I, Schedule 2-2, Column (d).

[5] Perry Exhibit I, Schedule 2-4, Column (k), Line 50.

[6] Column (c) plus Column (d).

Piedmont Natural Gas Company, Inc.
Docket No. G-8, Sub 781
ADJUSTMENTS TO RATE BASE
For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 2(a)

Line No.	Item	Update PIS & Acc Dep, May 31, 2021 [1]	Adjust Other Working Capital [2]	Nonutility on May 31, 2021 [3]	Special Contracts [4]	Robeson LNG Plant [5]	ADIT Update [6]	ADIT - Protected EDIT [7]	Design Day Allocation Change [8]	Deferred PIM-T [9]	Deferred Environmental Costs [10]	Deferred PIM-D [11]	Undercollection of Regulatory Fee [12]	Adjust WC for Lead Lag [13]	Total Rate Base Adjustments [14]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	Plant in service	(\$534,857,739)		(\$4,168,721)	(\$4,014,753)	(\$36,608,740)			(\$3,818,573)						(\$583,468,527)
2	Accumulated depreciation	10,906,655		1,403,178	1,893,850	370,303			\$1,565,676						\$16,139,663
3	Net plant in service (Sum of L1 thru L2)	(523,951,084)		(2,765,543)	(2,120,902)	(36,238,438)			(2,252,897)						(567,328,864)
4	Working Capital - Other		6,585,881						(\$971,458)						\$5,614,423
5	Working Capital - Lead Lag													634,438	\$634,438
6	Deferred Regulatory Asset		0							(23,508,794)	189,922	2,799,836	(30,048)		(\$20,549,085)
7	Deferred Income Taxes						8,984,509	3,957,505							\$12,942,014
8	Original cost rate base (Sum of L3 thru L6)	(523,951,084)	6,585,881	(2,765,543)	(2,120,902)	(36,238,438)	8,984,509	3,957,505	(3,224,355)	(23,508,794)	189,922	2,799,836	(30,048)	634,438	(568,687,073)
9	Revenue requirement impact	(\$43,068,056)	\$541,350	(\$227,324)	(\$174,335)	(\$2,978,750)	\$738,514	\$325,301	(\$265,037)	(\$1,932,390)	\$15,611	\$230,143	(\$2,470)	\$52,150	(\$46,745,293)

[1] Perry Exhibit I, Schedule 2-1.

[2] Perry Exhibit I, Schedule 2-2.

[3] Perry Exhibit I, Schedule 2-1 (c).

[4] Per Sub 743 Rate Case. Information not provided in DR 87-1e CONFIDENTIAL Attachment.

[5] Per witness Metz, Perry Exhibit I, Schedule 3-5.

[6] Per May 31, 2021 update.

[7] Perry Exhibit II, Schedule 1.

[8] Perry Exhibit I, Schedule 3-6.

[9] Perry Exhibit I, Schedule 3-9.

[10] Perry Exhibit I, Schedule 3-11.

[11] Perry Exhibit I, Schedule 3-10.

[12] Perry Exhibit I, Schedule 3-12.

[13] Perry Exhibit I, Schedule 2-4, Column (g), Line 35.

[14] Sum of Columns (a) through (p).

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Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
SUPPORT FOR UPDATED PLANT IN SERVICE
For The Test Year Ended December 31, 2020

Line No.	Item	Amount
	<u>Plant in Service:</u>	
1	North Carolina plant in service at May 31, 2021	\$6,635,556,354 [1]
2	Less adjusted plant in service per Company	7,170,414,094 [2]
3	Public Staff's adjustment to plant in service (L1 - L2)	<u>(\$534,857,739)</u>
	<u>Accumulated Depreciation:</u>	
4	North Carolina accumulated depreciation at May 31, 2021	(\$1,648,318,205) [1]
5	End of period depreciation adjustment on May 31, 2021 plant at Company proposed rates	<u>(17,763,943) [3]</u>
6	Total accumulated depreciation at May 31, 2021 (L4 + L5)	(1,666,082,148)
7	Less accumulated depreciation per Company	<u>(1,676,988,803) [2]</u>
8	Public Staff's adjustment to accumulated depreciation (L6 - L7)	<u>\$10,906,655</u>
	<u>Depreciation Expense:</u>	
9	Annual depreciation on plant at May 31, 2021	\$164,767,210 [1]
10	Reserve Surplus amortization @ May 31, 2021	<u>(456,210) [4]</u>
11	Depreciation Expense per Public Staff	164,311,000
12	Depreciation Expense Per Company	<u>171,688,708 [2]</u>
13	Adjustment per Public Staff	<u>(\$7,377,708)</u>
	<u>Property Taxes</u>	
14	Net Plant in Service at May 31, 2021 (L1 + L6)	\$4,969,474,206
15	North Carolina tax rate	<u>\$0.00495</u>
16	Adjustment to property taxes for additions (L18 x L19 x L20)	24,594,761
17	Property Tax for additions per Company Application	<u>30,814,164 [5]</u>
18	Public Staff's adjustment to property taxes (L21 - L22)	<u>(\$6,219,404)</u>

- [1] Per Company Response 110-1 Corrected Attachment.
[2] Per Company G-1 filing, 5_Detail_Plant in Service and Depr Exp.
[3] Per Piedmont per books May 31, 2021 12 ME depreciation expense minus Line 9.
[4] Per Company.
[5] Revised Per Company, 6 UPDATE_GenTax Adj.

Piedmont Natural Gas Company, Inc.
Booker No. G-8, Sub 781
CALCULATION OF PLANT IN SERVICE AND
DEPRECIATION EXPENSE
For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 2-1 (a)

Line No.	Item	Actual amounts @ May 31, 2021										Corporate Proposed Depreciation Rates (h)	NC Proposed Depreciation Rates (i)	NC Provision for Depreciation at Proposed Rates (j)
		Joint 3-state Property Per Books (a)	'000' 3-State Allocated (b)	Joint 2-state Property Per Books (c)	'088' 2-State Allocated (d)	Joint Property Allocated to NC (e)	NC Direct Per Books (f)	Total NC Plant 5/31/2021 (g)						
	Allocation Factors		76.53%	91.31%	85.24%									
INTANGIBLE PLANT														
1	20100 Organization	\$ -	-	-	-	\$ -	\$ 15,171	\$ 15,171					\$ -	-
2	20200 Franchises and Consents	-	-	-	-	-	\$ 586,786	\$ 586,786					-	-
3	20300 5 Year Software	59,905,923	45,846,003	-	-	45,846,003	-	45,846,003	20.00%				9,169,201	9,169,201
4	20310 10 Year Software	140,536,818	107,652,827	-	-	107,652,827	-	107,652,827	10.00%				10,755,283	10,755,283
5	20300 Miscellaneous Intangible Pt	-	-	-	-	-	2,444,025	2,444,025					-	-
6	20301 Customer Contracts	-	-	-	-	-	42,900	42,900					-	-
7	Total Intangible Plant (Sum of L1 thru L6)	200,442,741	153,398,830	-	-	153,398,830	3,088,881	156,487,711					-	19,924,483
OTHER STORAGE PLANT														
8	26000 Land and Land Rights	-	-	6,967,666	5,939,238 (3)	5,939,238	24,186	5,963,425	0.00%				-	-
9	26100 Structures & Improvements	-	-	58,333,357	49,638,113 (3)	49,638,113	239,551	49,877,664	2.02%				1,002,690	1,002,690
10	26200 Gas Holders	-	-	12,998,270	11,079,810 (3)	11,079,810	-	11,079,810	1.48%				163,381	163,381
11	26300 Purification Equipment	-	-	26,468,997	22,562,173 (3)	22,562,173	-	22,562,173	2.46%				555,029	555,029
12	26310 Liquefaction Equipment	-	-	23,672,863	20,178,748 (3)	20,178,748	-	20,178,748	2.06%				415,682	415,682
13	26320 Vaporizing Equipment	-	-	34,175,344	29,642,503 (3)	29,642,503	-	29,642,503	3.43%				1,016,738	1,016,738
14	26330 Compressor Equipment	-	-	10,627,474	9,058,859 (3)	9,058,859	-	9,058,859	2.51%				227,377	227,377
15	26340 Measuring & Reg Equipment	-	-	719,600	613,557 (3)	613,557	-	613,557	3.10%				19,020	19,020
16	26350 Other Equipment	-	-	9,528,987	7,625,689 (3)	7,625,689	-	7,625,689	2.98%				236,189	236,189
17	Total Other Storage Plant (Sum of L8 thru L16)	-	-	183,791,856	156,638,693	156,638,693	263,737	156,902,430					-	3,636,704
TRANSMISSION PLANT														
18	26510 Land and Land Rights	-	-	-	-	-	37,079,689	37,079,689	0.00%				-	-
19	26520 Rights-of-Way	-	-	-	-	-	133,124,872	133,124,872	1.25%				1,684,081	1,684,081
20	26610 S&I - Comp Station Struct	-	-	-	-	-	19,787,461	19,787,461	2.10%				415,537	415,537
21	26620 S&I - M&R Station Str	-	-	-	-	-	3,629,772	3,629,772	2.10%				286,225	286,225
22	26700 Mains	-	-	-	-	-	2,639,560,488	2,639,560,488	1.84%				48,567,913	48,567,913
23	26701 Mains, Cathodic Protection	-	-	-	-	-	7,822,902	7,822,902					-	-
24	26800 Compressor Station Equip	-	-	-	-	-	176,430,594	176,430,594	2.86%				5,024,272	5,024,272
25	26900 System Meas & Reg Station	-	-	-	-	-	278,676,745	278,676,745	2.33%				6,493,155	6,493,155
26	Total Transmission Plant (Sum of L18 thru L25)	-	-	-	-	-	3,306,111,523	3,306,111,523					-	62,455,153
DISTRIBUTION PLANT														
27	27400 Non-depr Land & Land Rights	-	-	63,862	58,312 (4)	58,312	2,401,656	2,459,968	0.00%				-	-
28	27401 Rights of Way	-	-	-	-	-	11,822,738	11,822,738	1.32%				156,060	156,060
29	27500 Structures & Improvements -	-	-	824,052	752,441 (4)	752,441	631,066	1,383,507	4.60%				4,340	4,340
30	27600 Mains	-	-	-	-	-	1,383,406,262	1,383,406,262	1.71%				23,656,247	23,656,247
31	27600 System Meas & Reg Station	-	-	-	-	-	83,765,013	83,765,013	1.55%				1,616,665	1,616,665
32	27900 Meas & Reg Sta Equip - City	-	-	-	-	-	97,233,964	97,233,964	1.90%				1,847,445	1,847,445
33	28000 Services	-	-	-	-	-	815,679,522	815,679,522	2.86%				22,675,891	22,675,891
34	28100 Meters	7,796,702	5,966,816	100,076	91,380 (4)	6,058,196	92,554,322	98,562,518	4.50%				2,865,244	2,865,244
35	28104 Meters - Meter Accessories	-	-	1,980,582	1,808,470	1,808,470	31,234,584	31,234,584	14.46%				261,505	261,505
36	28105 Meters - Meter Acc. ERTs	-	-	-	-	-	44,365,333	44,365,333	14.46%				2,973,423	2,973,423
37	28200 Meter Installations	-	-	-	-	-	57,884,651	57,884,651	3.28%				1,898,617	1,898,617
38	28300 House Regulators	-	-	-	-	-	12,526,839	12,526,839	2.96%				370,794	370,794
39	28400 House regulator installations	-	-	-	-	-	477,867	477,867	3.40%				16,247	16,247
40	28500 Int Meas & Reg St Equip	-	-	-	-	-	43,502,633	43,502,633	1.63%				709,093	709,093
41	28600 Other Prop on Cust Premises	-	-	-	-	-	743,304	743,304	1.50%				11,150	11,150
42	28700 Other Equipment - Other	-	-	-	-	-	43,672	43,672	2.29%				1,000	1,000
43	Total Distribution Plant (Sum of L27 thru L42)	24,954,352	19,097,666	2,068,672	2,710,603	21,809,169	2,633,898,092	2,655,666,261					-	59,200,721
GENERAL PLANT														
44	28900 Non-depr Land & Land Rights	-	-	-	-	-	3,828,965	3,828,965	0.00%				0.00%	-
45	29000 Structures and Improvements	6,083,082	4,655,390	215,747	196,598 (4)	4,852,388	123,427,274	128,279,663	2.10%				2,570,446	2,570,446
46	29410 CNG Station Equipment	2,908	2,225	-	-	-	20,909,414	20,911,639	4.08%				815,558	815,558
47	29600 Power Operated Equipment	-	-	861,228	786,387 (4)	786,387	12,478,919	13,265,206	3.71%				438,480	438,480
48	29210 Pass. Cars & Sta Wagons	-	-	-	-	-	2,402,657	2,402,657	0.00%				11,763	282,525
49	29240 Transportation - 3 Year Meter	353,841	-	-	-	-	908,190	908,190	18.07%				164,110	164,110
50	29201 Transportation - 5 Year Rural Use	316,861	242,494	-	242,494	-	14,448,273	14,448,273	15.40%				1,864,636	1,864,636
51	29202 Transportation - 7 Year Urban Use	1,042,825	798,074	380,714	347,630 (4)	1,145,704	39,004,407	40,150,111	8.83%				3,042,098	3,042,098
50	29203 Transportation - 10 Year Heavy Duty	776,868	694,629	225,057	205,500 (4)	800,129	10,637,201	11,437,229	7.29%				711,429	711,429
52	29204 Transportation - 15 Year Trailers & Other	21,889	16,751	5,636	5,146 (4)	21,688	1,981,620	1,981,620	4.94%				90,767	90,767
53	29200 Transportation Equipment	-	-	-	-	-	1,959,622	-	0.00%				18,073	-
###	Total General Plant Depreciated (Sum of L44 thru L54)	8,598,403	6,309,663	1,888,381	1,541,681	7,851,234	229,962,822	237,814,046					-	10,000,049
###	29001 S&I - Leasehold Impr	6,553,881	6,546,285	-	-	-	29,791	6,576,076	4.76%				311,603	311,603
###	29100 Office Furniture and Equip	10,614,608	8,133,058	116,574	106,443 (4)	8,239,801	15,468,711	23,936,512	5.00%				1,181,526	1,181,526
###	29101 Electronic Data Processing	2,020,090	1,545,975	-	-	-	-	1,545,975	-				-	-
###	29102 PC Equipment	29,353,369	22,464,149	-	-	-	107,158	22,571,307	20.00%				4,492,830	4,492,830
###	29103 Customer Information System	17,721,735	13,562,444	-	-	-	-	13,562,444	5.00%				678,122	678,122
###	29105 SaaS - 3 yr Contract	208,452	159,528	-	-	-	-	159,528	-				-	-
###	29300 Stoves Equipment	-	-	-	-	-	3,385	3,385	5.00%				169	169
###	29400 Tools, Shop & Garage Equip	3,291,086	2,518,668	445,171	406,486 (4)	2,925,154	17,404,274	20,329,428	5.00%				1,016,471	1,016,471
###	29500 Laboratory Equipment	-	-	346,475	316,367 (4)	316,367	807,436	1,123,802	5.00%				56,190	56,190
###	29700 Communication Equipment	24,526,592	18,770,201	1,224,563	1,118,149 (4)	19,888,350	8,810,201	26,698,550	5.96%				1,584,519	1,584,519
###	29800 Miscellaneous Equipment	326,800	250,100	59,703	54,515 (4)	304,615	4,567,762	4,567,762	5.00%				228,369	228,369
###	Total General Plant Amortized (Sum of L56 thru L72)	96,616,631	73,840,708	2,192,487	2,001,960	75,842,667	46,631,716	122,674,383					-	5,550,100
###	Total updated Plant In Service per Public Staff (L7 + L17 + L26 + L43 + L56 + L73)	\$ 330,812,127	\$ 262,746,667	\$ 190,611,398	\$ 162,892,916	\$ 415,639,583	\$ 6,219,816,721	\$ 6,636,556,354					\$	\$ 164,767,210

[1] Updated Plant In Service through May 31, 2019, per DR 20-2 UPIS update, annualized depr exp 5-31-19.4s.

[2] Column (c) x 3-state allocator of 75.59%.

[3] Column (c) x 2-state LNG allocator of 85.24%.

[4] Column (c) x 2-state Non-LNG allocator of 90.25%.

[5] Column (e) x Column (g).

[6] Column (e) + Column (f).

[7] Recommended rates from Appendix B - Corporate Comparison of Depreciation Rates. Final.

[8] Recommended rates from Appendix B - NC Comparison of Depreciation Rates. Final.

[9] Column (e) x Column (h) + Column (f) x Column (i).

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF ACCUMULATED DEPRECIATION
For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 2-1 (b)

Line No.	Item	Actual amounts @ May 31, 2021					Total NC Accum. Deprec. 6/30/2019 (e)	(4)
		3-State Before Allocated	(1)	2-State Before Allocated	(1)	Joint Property Allocated to NC		
		(a)		(b)		(c)		
		76.53%		91.31%				
				85.24%				
INTANGIBLE PLANT								
1	20100 Organization	\$18,626,931		\$0		\$14,255,190	\$2,444,025	\$ 16,699,215
2	20200 Franchises and Consents	69,356,769		-		53,078,735	-	53,078,735
3	20200 - NC NCNG Fr. & Consent-47106	-		-		-	15,171	15,171
4	20300 Miscellaneous Intangible Plant	-		-		-	586,786	586,786
5	20301 Customer Contracts	-		-		-	42,900	42,900
6	Total Intangible Plant (Sum of L1 thru L5)	87,983,700		0		67,333,926	3,088,881	70,422,807
OTHER STORAGE PLANT								
7	26000 Non-depr Land & Land Rights	-		-		-	-	0
8	26100 S&I	-		8,238,504		7,022,501 [2]	-	7,022,501
9	26200 Gas Holders	-		10,666,079		9,091,765 [2]	-	9,091,765
10	26300 Purification Equipment	-		3,378,985		2,880,247 [2]	-	2,880,247
11	26310 Liquefaction Equipment	-		3,954,257		3,370,609 [2]	-	3,370,609
12	26320 Vaporizing Equipment	-		7,056,711		6,015,140 [2]	-	6,015,140
13	26330 Compressor Equipment	-		1,906,229		1,624,869 [2]	-	1,624,869
14	26340 M&R Equipment	-		78,942		67,290 [2]	-	67,290
15	26350 Other Equipment	-		2,074,337		1,768,165 [2]	-	1,768,165
16	Total Other Storage Plant (Sum of L7 thru L15)	0		37,354,044		31,840,587	0	31,840,587
TRANSMISSION PLANT								
17	26510 Non-depr Land	-		-		-	-	0
18	26520 Land Rights	-		-		-	22,736,334	22,736,334
19	26610 S&I - Comp Station Struct	-		-		-	(26,078,120)	(26,078,120)
20	26620 S&I - M&R Station Str	-		-		-	(19,238,757)	(19,238,757)
21	26700 Mains	-		-		-	317,948,811	317,948,811
22	26701 Mains, Cathodic Protection	-		-		-	474,715	474,715
23	26800 Compressor Station Equip	-		-		-	77,422,717	77,422,717
24	26900 System Meas & Reg Station	-		-		-	51,213,146	51,213,146
25	Total Transmission Plant (Sum of L17 thru L24)	0		0		0	424,478,847	424,478,847
DISTRIBUTION PLANT								
26	27400 Non-depr Land	-		-		-	-	0
27	27401 Land Rights	-		-		-	2,552,099	2,552,099
28	27500 S&I	-		402,570		367,587 [3]	386,229	753,815
29	27600 Mains	-		-		-	445,199,795	445,199,795
30	27600 NC Cathodic Protect.-47106	-		-		-	-	0
31	27800 M&R Station Equipment	-		-		-	7,508,485	7,508,485
32	27900 M&R City Gate Equipment	-		-		-	11,036,097	11,036,097
33	28000 Services	-		-		-	400,281,091	400,281,091
34	28100 Meters	(10,826,128)		589,746		(7,746,739) [3]	43,356,289	36,609,550
35	28104 Meters - Meter Accessories	-		1,316,227		1,201,847 [3]	-	1,201,847
36	28105 Meters - Meter Acc, ERT's	11,271,134		-		8,625,799 [3]	27,391,211	36,017,010
37	28200 Meter Installations	-		-		-	11,868,181	11,868,181
38	28300 House Regulators	-		-		-	5,453,663	5,453,663
39	28400 House Regulator Installatio	-		-		-	80,997	80,997
40	28500 Industrial M&R Station Equip	-		-		-	16,413,037	16,413,037
41	28600 Other Property on Customer Premises	-		-		-	688,021	688,021
42	28700 Other Equipment	-		-		-	18,624	18,624
43	Total Distribution Plant (Sum of L26 thru L42)	445,005		2,308,543		2,448,493	972,233,819	974,682,312
GENERAL PLANT								
44	28900 Non-depr Land	-		-		-	68	68
45	29000 S&I	(1,723,630)		11,280		(1,308,795) [3]	22,023,837	20,715,043
46	29600 Power Operated Equipment	-		621,015		567,049 [3]	5,185,329	5,752,377
47	29410 CNG Station Equipment	960		-		735	4,917,828	4,918,563
48	29200 Transportation Equipment - 3 Year	-		-		- [3]	447,809	447,809
49	29201 Transportation - 5 Year Rural Use	134,467		-		102,908	10,270,866	10,373,774
50	29202 Transportation - 7 Year Urban Use	112,186		279,679		341,231	20,460,127	20,801,357
51	29203 Transportation - 10 Year Heavy Duty	496,615		205,189		567,417	5,961,405	6,528,822
52	29204 Transportation - 15 Year Trailers & Other	258,939		4,784		202,534	675,337	877,871
53	29210 Pass. Cars & Sta Wagons	16,421		-		12,567	2,178,255	2,190,822
54	292.11 Gas NC Light Trucks 1/2 3/4 T	12,242		-		9,369	553,843	563,212
55	292.12 Gas NC Med Truck1&1 1/2 Ton	-		-		-	3,232	3,232
56	292.13 Gas NC Trucks 2 tons & over	-		-		-	5,916	5,916
57	292.18 Gas NC Trailer	-		-		-	-	0
58	29200 Transportation Equipment - 3 Year Meter Reading	-		-		-	(2)	(2)
59	29204 Trans Equip - Leased Buyout	-		-		- [3]	-	-
60	Total General Plant Depreciated (Sum of L44 thru L59)	(691,801)		1,121,947		495,014	72,683,850	73,178,864
61	29001 Leasehold Improvements	4,870,675		-		3,727,528 [3]	29,404	3,756,931
62	29001 NC CNG Structures-47106	4,773,044		-		3,652,810	3,863,356	7,516,167
63	29100 Office Furniture and Equipm	11,008		3,062		11,289 [3]	-	11,289
64	29101 C3 Mainframe Equip Gov	-		-		- [3]	-	0
65	29101 C3 Mainframe Equip. Gov Special	-		-		-	-	0
66	29102 PC Equipment (Computer Processing Hardware)	18,230,591		-		13,951,871 [3]	8,520	13,960,391
67	29103 Customer Information System	26,866,037		-		20,560,578 [3]	-	20,560,578
68	29104 Client Service Applications	135,790		-		103,920 [3]	-	103,920
69	29105 SaaS - 3 yr Contract	208,334		-		159,438 [3]	-	159,438
70	29300 Stores Equipment	-		(12,879)		(11,760) [3]	3,329	(8,431)
71	29400 Tools, Shop & Garage Equip	1,793,469		-		1,479,585 [3]	8,200,960	9,680,545
72	29500 Laboratory Equipment	-		107,600		98,250 [3]	593,469	691,719
73	29700 Communication Equipment Gov	13,418,332		340,693		10,580,137	4,440,181	15,020,318
74	29700 C3 Communicat. Equip	-		-		- [3]	-	0
75	29800 Miscellaneous Equipment Gov	24,980		17,640		35,224	2,226,698	2,261,922
76	29800 C3 Misc Equipment	-		-		- [3]	-	0
77	Total General Plant Amortized (Sum of L61 thru L76)	70,332,349		573,347		54,348,870	19,365,918	73,714,788
78	Total updated Accumulated Depreciation per Public Staff							
79	(L6 + L16 + L25 + L43 + L60 + L77)	\$ 158,069,254		\$ 41,357,880		\$ 156,466,890	\$ 1,491,851,315	\$ 1,648,318,205

[1] Updated Accumulated Depreciation through May 31, 2021 per DR 22-2 Updated.

[2] Column (b) x 2-state LNG allocator + Column (a) x 3-state allocator.

[3] Column (b) x 2-state Non-LNG allocator + Column (a) x 3-state allocator.

[4] Column (c) + Column (d).

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
**ADJUSTMENT OF PLANT RELATED ITEMS TO
NON UTILITY OPERATIONS**
For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 2-1 (c)

Balances at June 30 2019														
Line No.	Acct. No.	Item	Corporate Utility Plant In Service	NC Direct Utility Plant In Service	Total Utility Plant In Service	Total Accumulated Depreciation	Non Utility %	Corporate Utility Plant In Service	NC Direct Utility Plant In Service	Total Utility Plant In Service	Accumulated Depreciation	Corporate Depreciation Expense %	NC Depreciation Expense %	Total Depreciation Expense Amount
			[1]	[2]	[3]	[4]		[5]	[6]	[7]	[8]	[9]	[10]	[11]
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	28900	28900 Non-deer Land & Land Rights	0	3,828,965	3,828,965	68	1.1638%	0	44,562	44,562	1	0.00%	0.00%	0
2	29000	29000 Structures and Improvements	4,852,388	123,427,274	128,279,663	20,715,043	1.1638%	56,472	1,436,455	1,492,928	241,083	2.10%	2.00%	29,915
3	29410	29410 CNG Station Equipment	2,225	20,909,414	20,911,639	4,918,563	1.1638%	26	243,345	243,371	57,243	4.08%	3.90%	9,492
4	29600	29600 Power Operated Equipment	786,387	12,478,819	13,265,206	5,752,377	1.1638%	9,152	145,229	154,381	66,947	3.71%	3.28%	5,103
5	29210	29210 Pass. Cars & Sta Weapons	0	2,402,657	2,402,657	2,190,822	1.1638%	0	27,962	27,962	25,497	0.00%	11.76%	3,288
6	29201	29201 Transportation - 5 Year Rural Use	242,494	14,406,273	14,648,767	10,373,774	1.1638%	2,822	167,661	170,483	120,731	15.40%	12.82%	21,934
7	29202	29202 Transportation - 7 Year Urban Use	1,145,704	39,004,407	40,150,111	20,801,357	1.1638%	13,334	453,936	467,270	242,088	8.83%	7.54%	35,404
8	29203	29203 Transportation - 10 Year Heavy Duty	800,129	10,637,201	11,437,329	6,528,822	1.1638%	9,312	123,796	133,108	75,983	7.29%	6.14%	8,280
9	29204	29204 Transportation - 15 Year Trailers & Other	21,898	1,959,622	1,981,520	877,871	1.1638%	255	22,806	23,061	10,217	4.94%	4.58%	1,056
10	29200	29200 Transportation Equipment	0	0	0	447,809	1.1638%	0	0	0	5,212	0.00%	18.07%	0
11	29001	29001 S&I - Leasehold Impr	6,546,285	29,791	6,576,076	3,756,931	1.1638%	76,186	347	76,533	43,723	4.76%		3,626
12	29100	29100 Office Furniture and Equipm	8,229,801	15,406,711	23,636,512	11,289	1.1638%	95,779	179,304	275,083	131	5.00%	5.00%	13,754
13	29101	29101 Electronic Data Processing	1,545,975	0	1,545,975	0	1.1638%	17,992	0	17,992	0			0
14	29102	29102 PC Equipment	22,464,149	107,158	22,571,307	13,960,391	1.1638%	261,439	1,247	262,686	162,472	20.00%		52,288
15	29103	29103 Customer Information System	13,562,444	0	13,562,444	20,560,578	1.1638%	157,841	0	157,841	239,285	5.00%		7,892
16	29300	29300 Stores Equipment	0	3,385	3,385	(8,431)	1.1638%	0	39	39	(98)		5.00%	2
17	29400	29400 Tools, Shop & Garage Equip	2,925,154	17,404,274	20,329,428	9,680,545	1.1638%	34,043	202,552	236,595	112,663	5.00%	5.00%	11,830
18	29700	29700 Communication Equipment	19,888,350	8,610,201	28,498,550	0	1.1638%	231,462	100,206	331,668	0	5.56%		18,441
19	29800	29800 Miscellaneous Equipment	304,615	4,262,762	4,567,376	0	1.1638%	3,545	49,610	53,155	0	5.00%	5.00%	2,658
20	Total plant-related nonutility adjustment (Sum of L1 thru L20)		\$83,317,997	\$274,878,913	\$358,196,910	\$120,567,810		\$969,661	\$3,199,060	\$4,168,721	\$1,403,178			\$224,962

[1] Perry Exhibit I, Schedule 1-1, Column (e)

[2] Perry Exhibit I, Schedule 1-1, Column (f)

[3] Column (a) + Column (b)

[4] Perry Exhibit I, Schedule 1-2, Column (e)

[5] Perry Exhibit I, Schedule 3-19.

[6] Column (a) * Column (e)

[7] Column (b) * Column (e)

[8] Column (f) + Column (g)

[9] Column (d) * Column (e)

[10] Perry Exhibit I, Schedule 1-1, Column (h)

[11] Perry Exhibit I, Schedule 1-1, Column (i)

[12] Column (f) * Column (j)+Column (g) * Column (k)

Perry Exhibit I
Schedule 2-2

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Test Year Per Company (a)	Company Ratemaking Adjustments (b)	After Company Adjustments (c)	Public Staff Working Capital Adjustments (d)	Amount Per Public Staff (e)
		[1]	[2]	[3]	[4]	[5]
	Lead Lag Study					
1	Lead Lag Study	\$42,845,319	24,105,398	\$66,950,717	\$634,438	\$67,585,155 [6]
	Average materials and supplies:					
2	Operating and construction supplies	6,786,081	(\$2,014)	6,784,067	\$2,416,611	\$9,200,678
3	Natural gas stored	35,707,698	62,836	35,770,534	1,428,022	\$37,198,556
4	Totals (L2 + L3)	42,493,779	60,822	42,554,601	3,844,633	46,399,234
	Cash working capital:					
5	Fleet & Other Overheads	494,728	85,613	580,341	223,406	803,747
6	Accrued Vacation Liability	(2,365,301)	10,462	(2,354,839)	(213,313)	(2,568,152)
7	Accrued Interest on Customer Deposits	(4,073,725)	0	(4,073,725)	(98,832)	(4,172,557)
8	Customer Deposits	(11,403,922)	(425)	(11,404,347)	76,252	(11,328,095)
9	Deferred Pipeline Integrity Management - Transmission	65,836,973	409,634	66,246,607	(23,508,794)	42,737,813 [7]
10	Deferred Pipeline Integrity Management - Distribution	5,318,527	(1,191,131)	4,127,396	2,799,836	6,927,232 [8]
11	Camp LaJeune Prepayment	(2,384,603)	0	(2,384,603)	598,837	(1,785,766)
12	Prepaid Insurance	811,834	(3,591)	808,243	141,842	950,085
13	Deferred Revenue	(27,056,931)	0	(27,056,931)	(500,175)	(27,557,106)
14	Undercollection of NCUC Regulatory Fees	203,405	0	203,405	(30,048)	173,357 [9]
15	Pension/OPEB Asset (Liability)	99,610,517	(440,713)	99,169,804	2,513,230	101,683,034
16	Special Supplier Refunds	(407,704)	0	(407,704)	0	(407,704)
17	Environmental Expenses Incurred	821,686	(222,283)	599,403	189,922	789,325 [10]
18	Total Cash Working Capital	125,405,483	(1,352,434)	124,053,049	(17,807,836)	106,245,213
19	Total working capital (L1 + L4 + L16)	\$210,744,581	\$22,813,786	\$233,558,367	(\$13,328,765)	\$220,229,602

[1] G-1, Item 4, 7_WorkingCapital Adj, Summary tab, Column E

[2] Column (c) - Column (a)

[3] G-1, Item 4, 7_WorkingCapital Adj, Summary tab, Column I

[4] Column (f) - Column (c). Per Public Staff witness Feasel.

[5] Per Company's supplemental response to data request 35-2 unless noted otherwise

[6] Perry Exhibit I, Schedule 2-3, Column g, Line 34

[7] Perry Exhibit I, Schedule 3-9, Line 16

[8] Perry Exhibit I, Schedule 3-11, Line 15

[9] Perry Exhibit I, Schedule 3-12, Line 10

[10] Perry Exhibit I, Schedule 3-10, Line 15

Perry Exhibit I
Schedule 2-3

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Per Books Amounts [1]	Company Ratemaking Adjustments [2]	After Company Adjustments [3]	Public Staff Adjustments [4]	After Public Staff Adjustments [5]	(Lead) / Lag Days [1]	Working Capital From Lead/ Lag Study [6]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
INVESTOR SUPPLIED CASH WORKING CAPITAL (ITEM 26 SCHEDULE A)								
Operating Revenues								
1.	Gas Sales and Transportation	\$922,385,957	\$123,499,634	\$1,045,885,591	\$64,775,120	\$1,110,660,711	54.68	\$166,386,103
2.	Other Operating Revenues	3,194,374	(2,058,230)	1,136,144	1,894,155	3,030,299	72.54	\$602,204
3.	Total Operating Revenues	<u>\$925,580,331</u>	<u>\$121,441,404</u>	<u>\$1,047,021,735</u>	<u>\$66,669,275</u>	<u>\$1,113,691,010</u>		<u>\$166,988,307</u>
Operation & Maintenance Expense								
4.	Purchased Gas	240,811,923	63,015,508	\$303,827,431	62,993,513	\$366,820,944	(36.80)	(\$36,979,097)
5.	Labor	77,705,107	1,768,632	79,473,739	(5,037,493)	74,436,246	(9.92)	(2,022,299)
6.	Incentive Pay STIP	6,031,526	2,023,481	8,055,006	(213,834)	7,841,173	(252.46)	(5,423,432)
7.	Incentive Pay LTIP	2,561,445	157,821	2,719,266	(126,022)	2,593,244	(621.50)	(4,415,620)
8.	Employee Pensions & Benefits - Acct 926	11,282,698	5,927,203	17,209,901	(821,959)	16,387,942	(9.52)	(427,619)
9.	Prepaid Expenses			0	0			
10.	Insurance - Other Acct 925	3,004,348	242,446	3,246,794	0	3,246,794	0	0
11.	Insurance - Property	0	0	0	0	0	0	0
12.	Insurance - Liability	0	0	0	0	0	0	0
13.	Fleet Expense	6,245,359	169,985	6,415,344	0	6,415,344	(38.48)	(676,270)
14.	Credit Card Expense	6,646,560	180,906	6,827,466	0	6,827,466	(31.43)	(587,825)
15.	Virtual Card Expense - Vendors	3,588,034	97,658	3,685,692	0	3,685,692	(31.59)	(319,004)
16.	Regulatory Commission Amortization - Acct 928.000	14,223,757	1,178,175	15,401,932	2,162,649	17,564,581	0.00	0
17.	Regulatory Commission Exp - Acct 928.014	1,194,196	159,629	1,353,825	85,269	1,439,094	(79.58)	(313,751)
18.	Uncollectible Accounts - Acct 904	7,046,092	(1,428,465)	5,617,627	(536,039)	5,081,588	0	0
19.	Other O&M Expenses	70,837,042	(5,478,312)	65,358,730	(5,805,829)	59,552,901	(59.41)	(9,693,298)
	Total O&M expenses	<u>451,178,086</u>	<u>68,014,668</u>	<u>519,192,754</u>	<u>52,700,254</u>	<u>571,893,008</u>		<u>(60,858,215)</u>
20.	Depreciation Expense	132,956,307	38,732,401	171,688,708	(8,326,132)	163,362,576	0	0
Other Taxes								
21.	Other Taxes Excluding Property Taxes	4,108,192	(93,691)	4,014,501	0	4,014,501	(280.79)	(3,088,358)
22.	Property Taxes	21,676,679	9,137,485	30,814,164	(6,346,540)	24,467,624	(185.74)	(12,451,052)
23.	Payroll Taxes	6,107,786	215,552	6,323,338	(411,367)	5,911,971	(24.46)	(396,256)
Income Taxes								
24.	Federal Income Taxes	(20,052,963)	8,533,888	(11,519,075)	7,804,390	(3,714,685)	(37.75)	384,190
25.	State Income Taxes	(3,435,351)	17,121,018	13,685,667	952,917	14,638,584	(37.75)	(1,513,991)
26.	Provision for Deferred Income Taxes	44,606,048		44,606,048	0	44,606,048	0	0
27.	Amort Investment Tax Credit	(28,065)	0	(28,065)	0	(28,065)	0	0
28.	Interest On Customers' Deposits	895,159	0	895,159	375	895,534	0	0
Return								
29.	Interest on Long-Term Debt (Acct 0427460)	140,168,084	(46,574,503)	93,593,581	(8,890,580)	84,703,001	(92.54)	(21,475,739)
30.	Interest on Short-Term Debt (Acct 0430216)	1,913,850	(1,789,184)	124,666	(69,373)	55,293	(24.63)	(3,731)
31.	Income for Return	<u>145,486,519</u>	<u>28,143,769</u>	<u>173,630,286</u>	<u>29,255,331</u>	<u>202,885,617</u>	<u>0</u>	<u>0</u>
32.	Total Requirements	925,580,330	121,441,404	1,047,021,732	66,669,275	1,113,691,007		(99,403,152)
33.	Working capital from lead / lag study per Public Staff							\$67,585,155
34.	Amount per Company application							<u>\$66,950,717</u>
35.	Adjustment to working capital from lead / lag study							<u>\$634,438</u>

[1] G-1, Item 26, Lead Lag Summary.

[2] G-1, Item 4a, Page 48.

[3] Column (a) plus Column (b).

[4] Perry Exhibit I, Schedule 2-3(a), Column ee.

[5] Column (c) plus Column (d).

[6] Column (e) divided by 365 times column (f).

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line		Update Plant to	COG	End of period Revenue	Robeson LNG	Design Day Allocation Change	COVID- Related Expenses	Payroll and
No.	Item	May 31, 2021	[1] Adjustment [1]	Adjustment [1]	Adjustment [1]	Change [1]	Expenses [1]	Related Costs [1]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Operating Revenues							
1.	Gas Sales and Transportation		\$0	\$64,775,120				
2.	Other Operating Revenues		0					
3.	Total Operating Revenues	0	0	64,775,120	0	0	0	0
	Operation & Maintenance Expense							
4.	Purchased Gas		66,549,119			(3,555,606)		
5.	Labor							(2,216,566)
6.	Incentive Pay STIP							
7.	Incentive Pay LTIP							
8.	Employee Pensions & Benefits - Acct 926							
9.	Prepaid Expenses							
10.	Insurance - Other Acct 925							
11.	Insurance - Property							
12.	Insurance - Liability							
13.	Fleet Expense							
14.	Credit Card Expense							
15.	Virtual Card Expense - Vendors							
16.	Regulatory Commission Amortization - Acct 928.000							
17.	Regulatory Commission Exp - Acct 928.014			84,208				
18.	Uncollectible Accounts - Acct 904			280,033				
19.	Other O&M Expenses				(1,783,517)	(49,649)	(953,096)	
20.	Total O&M expenses	0	66,549,119	364,240	(1,783,517)	(3,605,255)	(953,096)	(2,216,566)
21.	Depreciation Expense	(7,377,708)			(634,805)	(88,656)		
	Other Taxes							
22.	Other Taxes Excluding Property Taxes							
23.	Property Taxes	(6,219,404)			(86,802)	(26,648)		
24.	Payroll Taxes							(169,567)
	Income Taxes							
25.	Federal Income Taxes	2,784,009	(13,625,932)	13,188,128	512,924	761,784	195,147	488,561
26.	State Income Taxes	339,928	(1,663,728)	1,610,272	62,628	93,014	23,827	59,653
27.	Provision for Deferred Income Taxes							
28.	Amort Investment Tax Credit							
29.	Interest On Customers' Deposits							
	Return							
30.	Interest on Long-Term Debt (Acct 0427460)							
31.	Interest on Short-Term Debt (Acct 0430216)							
32.	Income for Return	10,473,175	(51,259,459)	49,612,480	1,929,572	2,865,761	734,122	1,837,919
33.	Total Requirement	0	0	64,775,120	0	0	0	0

[1] Based on adjustments made by Public Staff in Perry Exhibit 1, Schedule 3.
[2] Sum of Columns (a) through (ee).

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line		Other Employee benefits	Customer	Board	Executive		Pension OPEB LTD	Rate Case
No.	Item	(h)	[1] Payment Fees (i)	[1] Expenses (j)	[1] Compensation (k)	[1] Incentives (l)	[1] (m)	[1] Expenses (n)
Operating Revenues								
1.	Gas Sales and Transportation							
2.	Other Operating Revenues							
3.	Total Operating Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operation & Maintenance Expense								
4.	Purchased Gas							
5.	Labor	(2,570,681)			(250,246)			
6.	Incentive Pay STIP					(213,834)		
7.	Incentive Pay LTIP					(126,022)		
8.	Employee Pensions & Benefits - Acct 926						(821,959)	
9.	Prepaid Expenses							
10.	Insurance - Other Acct 925							
11.	Insurance - Property							
12.	Insurance - Liability							
13.	Fleet Expense							
14.	Credit Card Expense							
15.	Virtual Card Expense - Vendors							
16.	Regulatory Commission Amortization - Acct 928.000							
17.	Regulatory Commission Exp - Acct 928.014							
18.	Uncollectible Accounts - Acct 904							
19.	Other O&M Expenses		(838,648)	(360,740)				(237,030)
20.	Total O&M expenses	<u>(2,570,681)</u>	<u>(838,648)</u>	<u>(360,740)</u>	<u>(250,246)</u>	<u>(339,856)</u>	<u>(821,959)</u>	<u>(237,030)</u>
21.	Depreciation Expense							
Other Taxes								
22.	Other Taxes Excluding Property Taxes							
23.	Property Taxes							
24.	Payroll Taxes	(196,657)			(19,144)	(25,999)		
Income Taxes								
25.	Federal Income Taxes	566,613	171,713	73,861	55,158	74,909	168,296	48,532
26.	State Income Taxes	69,183	20,966	9,019	6,735	9,146	20,549	5,926
27.	Provision for Deferred Income Taxes							
28.	Amort Investment Tax Credit							
29.	Interest On Customers' Deposits							
Return								
30.	Interest on Long-Term Debt (Acct 0427460)							
31.	Interest on Short-Term Debt (Acct 0430216)							
32.	Income for Return	2,131,542	645,969	277,860	207,497	281,800	633,114	182,572
33.	Total Requirement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

[1] Based on adjustments made by Public Staff in Perry Exhibit 1, Schedule 3.
[2] Sum of Columns (a) through (ee).

Perry Exhibit I
Schedule 2-3(a)
Page 3 of 5

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line		Sponsorships			Nonutility		PIM	Environmental		PIM
No.	Item	& Donations	[1] Uncollectibles	[1] Inflation	[1] Expenses	[1] Transmission	[1] Costs	[1] Distribution	[1]	
		(o)	(p)	(q)	(r)	(s)	(t)	(u)		
Operating Revenues										
1.	Gas Sales and Transportation									
2.	Other Operating Revenues									
3.	Total Operating Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Operation & Maintenance Expense										
4.	Purchased Gas									
5.	Labor									
6.	Incentive Pay STIP									
7.	Incentive Pay LTIP									
8.	Employee Pensions & Benefits - Acct 926									
9.	Prepaid Expenses									
10.	Insurance - Other Acct 925									
11.	Insurance - Property									
12.	Insurance - Liability									
13.	Fleet Expense									
14.	Credit Card Expense									
15.	Virtual Card Expense - Vendors									
16.	Regulatory Commission Amortization - Acct 928.000					1,043,086	54,779	1,117,946		
17.	Regulatory Commission Exp - Acct 928.014									
18.	Uncollectible Accounts - Acct 904		(816,072)							
19.	Other O&M Expenses	<u>(63,404)</u>		<u>(715,311)</u>	<u>(130,692)</u>					
20.	Total O&M expenses	<u>(63,404)</u>	<u>(816,072)</u>	<u>(715,311)</u>	<u>(130,692)</u>	<u>1,043,086</u>	<u>54,779</u>	<u>1,117,946</u>		
21.	Depreciation Expense				(224,962)					
Other Taxes										
22.	Other Taxes Excluding Property Taxes									
23.	Property Taxes				(13,687)					
24.	Payroll Taxes									
Income Taxes										
25.	Federal Income Taxes	12,982	167,091	146,460	75,623	(213,572)	(11,216)	(228,899)		
26.	State Income Taxes	1,585	20,402	17,883	9,234	(26,077)	(1,369)	(27,949)		
27.	Provision for Deferred Income Taxes									
28.	Amort Investment Tax Credit									
29.	Interest On Customers' Deposits									
Return										
30.	Interest on Long-Term Debt (Acct 0427460)									
31.	Interest on Short-Term Debt (Acct 0430216)									
32.	Income for Return	48,837	628,579	550,968	284,484	(803,437)	(42,194)	(861,098)		
33.	Total Requirement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	

[1] Based on adjustments made by Public Staff in Perry Exhibit 1, Schedule 3.
[2] Sum of Columns (a) through (ee).

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line		Regulatory							
No.	Item	Fee (v)	[1] Advertising (w)	[1] Other Operating (x)	[1] Aviation (y)	[1] EDIT - FIT Protected (z)	[1] Eastern NCNG (aa)	[1] Interest on Customer Deposits (bb)	[1]
Operating Revenues									
1.	Gas Sales and Transportation								
2.	Other Operating Revenues			1,894,155					
3.	Total Operating Revenues	0	0	1,894,155	0	0	0	0	
Operation & Maintenance Expense									
4.	Purchased Gas								
5.	Labor								
6.	Incentive Pay STIP								
7.	Incentive Pay LTIP								
8.	Employee Pensions & Benefits - Acct 926								
9.	Prepaid Expenses								
10.	Insurance - Other Acct 925								
11.	Insurance - Property								
12.	Insurance - Liability								
13.	Fleet Expense								
14.	Credit Card Expense								
15.	Virtual Card Expense - Vendors								
16.	Regulatory Commission Amortization - Acct 928.000								
17.	Regulatory Commission Exp - Acct 928.014	1,061							
18.	Uncollectible Accounts - Acct 904								
19.	Other O&M Expenses		(382,688)	10,651	(191,096)	103,657	(138,143)	0	
20.	Total O&M expenses	1,061	(382,688)	10,651	(191,096)	103,657	(138,143)	0	
21.	Depreciation Expense								
Other Taxes									
22.	Other Taxes Excluding Property Taxes								
23.	Property Taxes								
24.	Payroll Taxes								
Income Taxes									
25.	Federal Income Taxes	(217)	78,355	385,647	39,127	0	28,285	0	
26.	State Income Taxes	(27)	9,567	47,088	4,777	0	3,454	0	
27.	Provision for Deferred Income Taxes								
28.	Amort Investment Tax Credit								
29.	Interest On Customers' Deposits							375	
Return									
30.	Interest on Long-Term Debt (Acct 0427460)								
31.	Interest on Short-Term Debt (Acct 0430216)								
32.	Income for Return	(817)	294,766	1,450,769	147,192	(103,657)	106,404	(375)	
33.	Total Requirement	0	0	1,894,155	0	0	0	0	

[1] Based on adjustments made by Public Staff in Perry Exhibit 1, Schedule 3.
[2] Sum of Columns (a) through (ee).

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line		Undercollection of	Lobbying	Interest	Total Public Staff
No.	Item	Regulatory Fee [1] (cc)	Expense [1] (dd)	Synchronisation [1] (ee)	Adjustments [2] (ff)
Operating Revenues					
1.	Gas Sales and Transportation				64,775,120
2.	Other Operating Revenues				<u>1,894,155</u>
3.	Total Operating Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>66,669,275</u>
Operation & Maintenance Expense					
4.	Purchased Gas				62,993,513
5.	Labor				(5,037,493)
6.	Incentive Pay STIP				(213,834)
7.	Incentive Pay LTIP				(126,022)
8.	Employee Pensions & Benefits - Acct 926				(821,959)
9.	Prepaid Expenses				0
10.	Insurance - Other Acct 925				0
11.	Insurance - Property				0
12.	Insurance - Liability				0
13.	Fleet Expense				0
14.	Credit Card Expense				0
15.	Virtual Card Expense - Vendors				0
16.	Regulatory Commission Amortization - Acct 928.000	(53,162)			2,162,649
17.	Regulatory Commission Exp - Acct 928.014				85,269
18.	Uncollectible Accounts - Acct 904				(536,039)
19.	Other O&M Expenses		(76,123)		(5,805,829)
20.	Total O&M expenses	<u>(53,162)</u>	<u>(76,123)</u>	<u>0</u>	<u>52,700,254</u>
21.	Depreciation Expense				(8,326,132)
Other Taxes					
22.	Other Taxes Excluding Property Taxes				0
23.	Property Taxes				(6,346,540)
24.	Payroll Taxes				(411,367)
Income Taxes					
25.	Federal Income Taxes	10,885	15,586	1,834,550	7,804,390
26.	State Income Taxes	1,329	1,903	223,999	952,917
27.	Provision for Deferred Income Taxes				0
28.	Amort Investment Tax Credit				0
29.	Interest On Customers' Deposits				375
Return					
30.	Interest on Long-Term Debt (Acct 0427460)			(8,890,580)	(8,890,580)
31.	Interest on Short-Term Debt (Acct 0430216)			(69,373)	(69,373)
32.	Income for Return	40,948	58,634	6,901,404	29,255,331
33.	Total Requirement	<u>0</u>	<u>0</u>	<u>0</u>	<u>66,669,275</u>

[1] Based on adjustments made by Public Staff in Perry Exhibit 1, Schedule 3.
[2] Sum of Columns (a) through (ee).

Perry Exhibit I
Schedule 2-4

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020
After Rate Increase

Line No.	Item	Under Present Rates		(Lead) Lag Days	Iteration 1			Iteration 2			Iteration 3			After Increase									
		After Adjustments	[1]		Increase	With Increase	[3]	CWC Change	[4]	Increase	[5]	With Increase	[10]	CWC Change	[13]	Increase	[14]	With Increase	[15]	CWC Change	[16]	Cumulative Increase	[17]
INVESTOR SUPPLIED CASH WORKING CAPITAL (ITEM 26 SCHEDULE A)																							
Operating Revenues																							
1.	Gas Sales and Transportation (L3 - L2)	\$1,110,660,711		54.68		(\$469,548)	\$1,110,191,163		(\$70,342)	\$7,961	\$1,110,199,124		1,193		(\$132)	\$1,110,198,992		(\$20)			(\$461,719)	\$1,110,198,992	
2.	Other Operating Revenues	3,030,299		72.54			3,030,299		0		3,030,299					3,030,299						\$3,030,299	
3.	Total Operating Revenues	\$1,113,691,010				(\$469,548)	\$1,113,221,462	[13]	(\$70,342)	\$7,961	\$1,113,229,422	[11]		\$1,193		(\$132)	\$1,113,229,291		(\$20)		(\$461,719)	\$1,113,229,291	
Operation & Maintenance Expense																							
4.	Purchased Gas	\$366,820,944		(36.80)			366,820,944		0		366,820,944					366,820,944				0		366,820,944	
5.	Labor	74,436,246		(9.92)			74,436,246		0		74,436,246					74,436,246				0		74,436,246	
6.	Incentive Pay STIP	7,841,173		(252.46)			7,841,173		0		7,841,173					7,841,173				0		7,841,173	
7.	Incentive Pay LTIP	2,593,244		(621.50)			2,593,244		0		2,593,244					2,593,244				0		2,593,244	
8.	Employee Pensions & Benefits - Acct 926	16,387,942		(9.52)			16,387,942		0		16,387,942					16,387,942				0		16,387,942	
9.	Prepaid Expenses								0											0		0	
10.	Insurance - Other Acct 925	3,246,794		0.00			3,246,794		0		3,246,794					3,246,794				0		3,246,794	
11.	Insurance - Property	0		0.00			0		0		0					0				0		0	
12.	Insurance - Liability	0		0.00			0		0		0					0				0		0	
13.	Fleet Expense	6,415,344		(38.48)			6,415,344		0		6,415,344					6,415,344				0		6,415,344	
14.	Credit Card Expense	6,827,466		(31.43)			6,827,466		0		6,827,466					6,827,466				0		6,827,466	
15.	Virtual Card Expense - Vendors	3,685,692		(31.59)			3,685,692		0		3,685,692					3,685,692				0		3,685,692	
16.	Regulatory Commission Amortization - Acct 928.000	17,564,581					17,564,581		0		17,564,581					17,564,581				0		17,564,581	
17.	Regulatory Commission Exp - Acct 928.014	1,439,094		(79.58)		(610)	1,438,494		133	10 [7]	1,438,494		(2)	(0)		1,438,494		0		(600)		1,438,494	
18.	Uncollectible Accounts - Acct 904	5,081,588		0.00		(2,030)	5,079,558		0	34 [7]	5,079,592		0	(1)		5,079,592		0		(1,996)		5,079,592	
19.	Other O&M Expenses	69,552,901		(59.41)			69,552,901		0		69,552,901					69,552,901				0		69,552,901	
20.	Total O&M Expense	\$571,893,008				(\$2,640)	\$571,890,368		\$133	\$45	\$571,890,412			(\$2)	(\$1)	\$571,890,412		\$0		(\$2,596)		\$571,890,412	
21.	Depreciation Expense	163,362,576		0.00			163,362,576				163,362,576					163,362,576				\$0		\$163,362,576	
Other Taxes																							
22.	Other Taxes Excluding Property Taxes	4,014,501		(280.79)			4,014,501		0		4,014,501		0			4,014,501		0		0		4,014,501	
23.	Property Taxes	24,467,624		(185.74)			24,467,624		0		24,467,624		0			24,467,624		0		0		24,467,624	
24.	Payroll Taxes	5,911,971		(24.46)			5,911,971		0		5,911,971		0			5,911,971		0		0		5,911,971	
Income Taxes																							
25.	Federal Income Taxes	(3,714,685)		(37.75)		(95,600)	(3,810,285)		9,887	(657) [8]	(3,810,941)		68	(18)		(3,810,960)		2		(96,275)		(3,810,960)	
26.	State Income Taxes	14,636,584		(37.75)		(11,673)	14,626,911		1,207	(72) [9]	14,626,839		7	(2)		14,626,837		0		(11,747)		14,626,837	
27.	Provision for Deferred Income Taxes	44,606,048		0.00			44,606,048		0		44,606,048		0			44,606,048		0		0		44,606,048	
28.	Amort Investment Tax Credit	(28,065)		0.00			(28,065)		0		(28,065)		0			(28,065)		0		0		(28,065)	
29.	Interest On Customers' Deposits	895,534		0.00			895,534		0		895,534		0			895,534		0		0		895,534	
Return																							
30.	Interest on Long-Term Debt (Acct 0427460)	84,703,001		(92.54)		0	84,703,001		0	11,457	84,714,458 [12]		(2,905)	(33)		84,714,425		8		11,425		84,714,425	
31.	Interest on Short-Term Debt (Acct 0430216)	55,293		(24.63)		0	55,293		0	7	55,301 [12]		(1)	(0)		55,301		0		7		55,301	
32.	Income for Return	202,885,617		0.00		(359,638)	202,525,979		0	(2,814)	202,523,165 [12]		0	(78)		202,523,087		0		(362,530)		202,523,087	
33.	Total requirement	\$1,113,691,007				(\$469,551)	\$1,113,221,456		\$11,228	\$7,966	\$1,113,229,422			(\$2,832)	(\$132)	\$1,113,229,291		\$11		(\$461,716)		\$1,113,229,291	
34.	Cumulative change in working capital								(\$59,114)										(\$60,762.97)			(\$60,763)	
35.	Rate base under present rates								4,253,971,738 [6]							4,253,971,738			4,253,971,738			4,253,971,738	
36.	Rate base after rate increase	\$4,253,971,738							\$4,253,912,623							\$4,253,910,983			\$4,253,910,975			\$4,253,910,975	
37.	Overall rate of return (L32 / L36)			6.76%					6.75%							6.75%			6.75%			6.75%	
38.	Target rate of return			6.75%					6.75%							6.75%			6.75%			6.75%	

[1] Perry Exhibit I, Schedule 2-3, Column (c).

[2] Perry Exhibit I, Schedule 2-3, Column (f).

[3] Column (a) plus Column (c).

[4] Column (c) divided by 365 times Column (b).

[5] Column (g) minus Column (d).

[6] Perry Exhibit I, Schedule 2, Column (c), Line 8.

[7] Uncollectible factor X (Sum of taxes and Return on Column (f))/(1-Uncollectible factor).

[8] Column (f), Line 32 - Line 26, divided by (1 - Federal Income tax percentage) - Line 32, Column (f).

[9] Column (f), Line 32, divided by (1 - State Income tax percentage) - Line 32, Column (f).

[10] Column (d) plus Column (f).

[11] Column (g), sum of Lines 20 to 32.

[12] Column (e), Line 36 times appropriate percentage and cost factor.

[13] Column (f) divided by 365 times Column (b).

[14] Column (j) minus Column (g).

[15] Column (g) plus Column (i).

[16] Column (i)/365 X Column (b).

[17] Column (c) + Column (f) + Column (i).

[18] Column (a) plus Column (f).

Piedmont Natural Gas Company, Inc.
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NET OPERATING INCOME FOR RETURN
For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 3
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Line No.	Item	Per Company [1] (a)	Plant Updates @ May 31, 2021 [2] (b)	Update Cost of Gas [3] (c)	Revenues @ May 31, 2021 [3] (d)	Robeson LNG Adjustment [4] (e)	Design Day Allocation Change [5] (f)	COVID- Related Expenses [6] (g)	Payroll and Related Costs [7] (h)	Other Benefits [8] (i)
Operating Revenues:										
1	Sales and transportation of gas	\$1,045,885,591			\$64,775,120					
2	Other operating revenues	<u>1,136,144</u>								
3	Total operating revenues (L1 - L3)	1,047,021,735	0	0	64,775,120	0	0	0	0	0
4	Cost of gas	<u>303,827,431</u>		<u>66,549,119</u>	<u>0</u>		<u>(3,555,606)</u>			
5	Margin (L4 - L5)	743,194,304	0	(66,549,119)	64,775,120	0	3,555,606	0	0	0
Operating Expenses:										
6	Operating and maintenance	215,365,324			364,240	(1,783,517)	(49,649)	(953,096)	(2,216,566)	(2,570,681)
7	Depreciation	171,688,708	(7,377,708)			(634,805)	(88,656)			
8	General taxes	41,152,004	(6,219,404)			(86,802)	(26,648)		(169,567)	(196,657)
9	State income tax (2.5%)	5,531,640	339,928	(1,663,728)	1,610,272	62,628	93,014	23,827	59,653	69,183
10	Federal income tax (21%)	41,241,001	2,784,009	(13,625,932)	13,188,128	512,924	761,784	195,147	488,561	566,613
11	Amortization of investment tax credits	(28,065)								
12	Amortization of EDIT	<u>0</u>								
13	Total operating expenses (Sum of L4 thru L10)	<u>474,950,612</u>	<u>(10,473,175)</u>	<u>(15,289,660)</u>	<u>15,162,640</u>	<u>(1,929,572)</u>	<u>689,845</u>	<u>(734,122)</u>	<u>(1,837,919)</u>	<u>(2,131,542)</u>
14	Interest on customer deposits	(895,159)								
15	Net operating income for return (L3 - L12+L11+L12)	<u>\$267,348,533</u>	<u>\$10,473,175</u>	<u>(\$51,259,459)</u>	<u>\$49,612,480</u>	<u>\$1,929,572</u>	<u>\$2,865,761</u>	<u>\$734,122</u>	<u>\$1,837,919</u>	<u>\$2,131,542</u>
16	Revenue Requirement Effect		\$13,673,926	(\$66,925,077)	\$64,774,757	\$2,519,277	\$3,741,578	\$958,480	\$2,399,614	\$2,782,972

- [1] Perry Exhibit I, Schedule 3A.
[2] Perry Exhibit I, Schedule 2-1.
[3] Perry Exhibit I, Schedule 3B.
[4] Per Public Staff witness Metz. Perry Exhibit I, Schedule 3-5.
[5] Per Public Staff witness Metz. Perry Exhibit I, Schedule 3-6.
[6] Per Public Staff witness Perry. Removed non-recurring expenses.
[7] Perry Exhibit I, Schedule 3-1.
[8] Coleman Exhibit I, Schedule 1

Piedmont Natural Gas Company, Inc.
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NET OPERATING INCOME FOR RETURN
For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 3
Page 2 of 4

Line No.	Item	Customer Payment Fees [9] (j)	Board Expenses [10] (k)	Executive Compensation [11] (l)	Incentives [12] (m)	Pension OPEB LTD Expense [13] (n)	Rate Case Expenses [14] (o)	Sponsorships & Dues [15] (p)	Uncollectibles [16] (q)	Inflation [17] (r)
Operating Revenues:										
1	Sales and transportation of gas									
2	Other operating revenues									
3	Total operating revenues (L1 - L3)	0	0	0	0	0	0	0	0	0
4	Cost of gas									
5	Margin (L4 - L5)	0	0	0	0	0	0	0	0	0
Operating Expenses:										
6	Operating and maintenance	(838,648)	(360,740)	(250,246)	(339,856)	(821,959)	(237,030)	(63,404)	(816,072)	(715,311)
7	Depreciation									
8	General taxes			(19,144)	(25,999)					
9	State income tax (2.5%)	20,966	9,019	6,735	9,146	20,549	5,926	1,585	20,402	17,883
10	Federal income tax (21%)	171,713	73,861	55,158	74,909	168,296	48,532	12,982	167,091	146,460
11	Amortization of investment tax credits									
12	Amortization of EDIT									
13	Total operating expenses (Sum of L4 thru L10)	(645,969)	(277,860)	(207,497)	(281,800)	(633,114)	(182,572)	(48,837)	(628,579)	(550,968)
14	Interest on customer deposits									
15	Net operating income for return (L3 - L12+L11+L12)	\$645,969	\$277,860	\$207,497	\$281,800	\$633,114	\$182,572	\$48,837	\$628,579	\$550,968
16	Revenue Requirement Effect	\$843,386	\$362,778	\$270,911	\$367,921	\$826,603	\$238,369	\$63,762	\$820,682	\$719,351

- [9] Perry Exhibit I, Schedule 3-7.
[10] Coleman Exhibit I, Schedule 2
[11] Coleman Exhibit I, Schedule 3
[12] Perry Exhibit I, Schedule 3-2.
[13] Perry Exhibit I, Schedule 3-3.
[14] Perry Exhibit I, Schedule 3-8.
[15] Perry Exhibit I, Schedule 3-18.
[16] Perry Exhibit I, Schedule 3-4.
[17] Perry Exhibit I, Schedule 3-15.
[18] Perry Exhibit I, Schedule 19.

Piedmont Natural Gas Company, Inc.
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For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 3
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Line No.	Item	Nonutility Expenses [18] (s)	PIM Transmission Costs [19] (t)	Environmental Costs [20] (u)	PIM Distribution Costs [21] (v)	Regulatory Fee [22] (w)	Advertising [23] (x)	Other Operating Revenues [24] (y)	Aviation [24] (z)	Amortization EDIT - FIT Protected [25] (aa)
Operating Revenues:										
1	Sales and transportation of gas							1,894,155		
2	Other operating revenues							1,894,155	0	0
3	Total operating revenues (L1 - L3)	0	0	0	0	0	0			
4	Cost of gas									
5	Margin (L4 - L5)	0	0	0	0	0	0	1,894,155	0	0
Operating Expenses:										
6	Operating and maintenance	(130,692)	1,043,086	54,779	1,117,946	1,061	(382,688)	10,651	(191,096)	
7	Depreciation	(224,962)								
8	General taxes	(13,687)								
9	State income tax (2.5%)	9,234	(26,077)	(1,369)	(27,949)	(27)	9,567	47,088	4,777	0
10	Federal income tax (21%)	75,623	(213,572)	(11,216)	(228,899)	(217)	78,355	385,647	39,127	0
11	Amortization of investment tax credits									
12	Amortization of EDIT									\$103,657
13	Total operating expenses (Sum of L4 thru L10)	(284,484)	803,437	42,194	861,098	817	(294,766)	443,386	(147,192)	103,657
14	Interest on customer deposits									
15	Net operating income for return (L3 - L12+L11+L12)	\$284,484	(\$803,437)	(\$42,194)	(\$861,098)	(\$817)	\$294,766	\$1,450,769	\$147,192	(\$103,657)
16	Revenue Requirement Effect	\$371,427	(\$1,048,978)	(\$55,089)	(\$1,124,262)	(\$1,067)	\$384,851	\$1,894,144	\$192,175	(\$135,336)

- [19] Perry Exhibit I, Schedule 3-9.
[20] Perry Exhibit I, Schedule 3-11.
[21] Perry Exhibit I, Schedule 3-10.
[22] Perry Exhibit I, Schedule 3-11.
[23] Excluded advertisements per Public Staff witness Perry.
[24] Perry Exhibit I, Schedule 3-16.
[25] Perry Exhibit II, Schedule 1.
[26] Perry Exhibit I, Schedule 3-13.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
NET OPERATING INCOME FOR RETURN
For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 3
Page 4 of 4

Line No.	Item	Eastern NCNG (bb)	Interest on Customer Deposits (cc)	Undercollection of Regulatory Fee (dd)	Lobbying Expense (ee)	Interest Synchronization (ff)	After Public Staff Adjustments (gg)
		[26]	[27]	[28]	[29]	[30]	[31]
	Operating Revenues:						
1	Sales and transportation of gas						\$1,110,660,711
2	Other operating revenues						3,030,299
3	Total operating revenues (L1 - L3)	0	0	0	0	0	1,113,691,010
4	Cost of gas						366,820,944
5	Margin (L4 - L5)	0	0	0	0	0	746,870,066
	Operating Expenses:						
6	Operating and maintenance	(138,143)		(53,162)	(76,123)		204,968,408
7	Depreciation						163,362,576
8	General taxes		0				34,394,096
9	State income tax (2.5%)	3,454		1,329	1,903	223,683	6,484,241
10	Federal income tax (21%)	28,285	0	10,885	15,586	1,831,962	49,042,803
11	Amortization of investment tax credits						(28,065)
12	Amortization of EDIT						103,657
13	Total operating expenses (Sum of L4 thru L10)	(106,404)	-	(40,948)	(58,634)	2,055,644	458,327,716
14	Interest on customer deposits		375				(894,784)
15	Net operating income for return (L3 - L12+L11+L12)	\$106,404	\$375	\$40,948	\$58,634	(\$2,055,644)	\$287,647,566
16	Revenue Requirement Effect	\$138,923	\$490	\$53,463	\$76,553	(\$2,683,879)	

[27] Per May 31, 2021 updated balance.

[28] Perry Exhibit I, Schedule 3-12.

[29] Perry Exhibit I, Schedule 3-17.

[30] Perry Exhibit I, Schedule 3-20.

[31] Sum of columns (a) through (ff).

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Aug 11 2021

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO COMPANY FILED COST OF SERVICE
For The Test Year Ended December 31, 2020

Line No.	Description	Company Before Increase	[1] Interest Synchron on CWC Increase	Company Without Rate Increase	[3] Company Without Rate Increase
	Operating Revenues:				
1.	Sale and transportation of gas	\$1,045,885,591		\$1,045,885,591	\$1,045,885,591
2.	Other operating revenues	1,136,144		1,136,144	1,136,144
3.	Total operating revenues (Sum of L1 thru L4)	1,047,021,735	0	1,047,021,735	1,047,021,735
4.	Cost of gas	303,827,431	0 [2]	303,827,431	303,827,431
5.	Margin (L5 - L6)	743,194,304	0	743,194,304	743,194,304
6.	Operation and maintenance	215,365,324	0 [2]	215,365,324	215,365,324
7.	Depreciation	171,688,708		171,688,708	171,688,708
8.	General taxes	41,152,004		41,152,004	41,152,004
9.	State income taxes	5,531,640	[2]	5,531,640	5,531,640
10.	Federal income taxes	41,241,001	[2]	41,241,001	41,241,001
11.	Amortization of investment tax credits	(28,065)		(28,065)	(28,065)
12.	Amortization of EDIT			0	0
13.	Total operating expenses (Sum of L8 thru L14)	474,950,612	0	474,950,612	474,950,612
15.	Net operating income (L7 less L15)	268,243,692	0	268,243,692	268,243,692
16.	Interest on customer deposits	(895,159)		(895,159)	(895,159)
17.	Net operating income for return (Sum of L15 thru L16)	\$267,348,533	\$0	\$267,348,533	\$267,348,533

[1] Bowman Exhibit 7, Page 1 of 4, "After Accounting and Pro Forma Adjustments" column.

[2] Interest synchronization effect of increase in CWC due to rate increase

[3] Column (a) plus Column (b).

Perry Exhibit I
Schedule 3B

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
SUMMARY OF REVENUE AND
COST OF GAS ADJUSTMENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Sales and Transportation Revenues (a)	Other Operating Revenues (d)	Cost of Gas (e)	Regulatory Fee (f)	[5]	Uncollectibles (g)	[6]
1	Company amount per application	\$1,045,885,591 [1]	\$1,136,144 [1]	\$303,827,431 [1]				
2	Operating Revenues EOP - Public Staff Volumes	64,775,120 [2]			84,208		280,033	
3	Commodity gas costs @ \$3.25			56,908,194 [2]				
4	Fixed gas costs at current rates			9,640,925 [2]				
5	Fixed gas costs - PS allocation adjustment			(3,555,606) [4]				
6	Adjustment to other operating revenues		1,894,155 [3]		2,462		8,189	
7	Public Staff Amount (Sum of L1 thru L4)	<u>\$1,110,660,711</u>	<u>\$3,030,299</u>	<u>\$366,820,944</u>	<u>\$86,670</u>		<u>\$288,221</u>	
8	Total Revenues	<u>\$1,113,691,010</u>						

[1] Bowman Exhibit 7, Page 1 of 4, "After Accounting and Pro Forma Adjustments" column.

[2] Per Public Staff Witness Patel.

[3] Perry Exhibit I, Schedule 3C, Column (f), Line 6.

[4] Per Public Staff Witness Metz.

[5] Updated Regulatory Fee multiplied with Columns (a), (c) and (e)

[6] Public Staff Uncollectible factor multiplied with Columns (a), (c) and (e)

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
OTHER OPERATING REVENUES
For The Test Year Ended December 31, 2020

Line		2020	[1]	2019	[1]	2018	[1]	2017	[1]	2016	[1]	5 - Year Average
No.	Item	(a)		(b)		(c)		(d)		(e)		(f)
1	Late payment revenues	\$495,867		\$1,917,998		\$2,423,246		\$2,110,044		\$1,413,008		\$1,672,033
2	Miscellaneous service revenues	521,446		1,572,557		1,794,164		1,248,318		1,036,802		1,234,657
3	Rent from gas properties	121,728		151,792		87,125		131,695		125,704		123,609
4	Total other operating revenues	<u>\$1,139,042</u>		<u>\$3,642,347</u>		<u>\$4,304,535</u>		<u>\$3,490,057</u>		<u>\$2,575,514</u>		3,030,299
5	Test year operating revenues per Company											<u>1,136,144</u> [2]
6	Public Staff adjustment to other operating revenues											<u>\$1,894,155</u>

[1] Per Company data request response 31-1 a & b.
[2] Bowman Exhibit _(QPB-7), page 1 of 4.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO PAYROLL
For The Test Year Ended December 31, 2020

Line No.	Item	Amount (a)	Total (b)
1	Total Piedmont Payroll Expenses at May 31, 2021 (Excluding DEBS, Overtime & Temps)	\$ 128,042,599 [1]	
2	Piedmont NC O&M Expense %	43.99% [1]	
3	Piedmont NC O&M Expense Payroll Expenses at May 31, 2021 (Excluding DEBS, Overtime & Temps)	56,325,939	
4	Company Pro Forma NC O&M Payroll Expense	57,673,619 [2]	
5	Adjustment to Piedmont NC Straight Time Payroll Expenses per Public Staff (L3-L4)		(1,347,680)
6	Total DEBS Payroll Expenses at May 31, 2021 (Excluding Overtime and Temps)	774,419,693 [1]	
7	% of DEBS O&M Payroll Expense charged to Piedmont NC	2.02% [1]	
8	Annual DEBS O&M Expense Payroll charged to Piedmont NC per Public Staff (L6 x L7)	15,643,278	
9	Company Pro Forma DEBS O&M Expense Payroll	15,536,968 [2]	
10	Adjustment to DEBS O&M Expense Payroll Charged to Piedmont per Public Staff (L8 - L9)		106,310
11	Total Other Payroll Expenses at May 31, 2021	975,196 [1]	
12	% of Other Duke Companies Straight Time Expenses charged to Piedmont NC	1.27% [1]	
13	Other Payroll O&M Expense per Public Staff (L11 x L12)	12,385	
14	Company Pro Forma Other Payroll O&M Expense	987,581 [2]	(975,196)
15	Adjustment to Payroll O&M Expenses per Public Staff (L13 - L14)		(2,216,566)
16	Payroll tax percentage		7.65% [2]
17	Public Staff Adjustment to Payroll Taxes (L16 x L17)		(\$169,567)

[1] Company May 31, 2021 update DR 124.1 4A_Payroll Adj without Temps.
[2] Company Adjustment 4A_Payroll Adj.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO INCENTIVES
For The Test Year Ended December 31, 2020

Line No.	Item	Amount
Short Term Incentive Plan (STIP)		
1	NC O&M portion of STIP pro forma adjustment for EPS outcomes for LTIP Executives	(325,648) [1]
2	Executive STIP already removed in Executive Compensation Adjustment	<u>111,814</u> [2]
3	Public Staff Adjustment for STIP related to EPS	<u>(\$213,834)</u>
Long Term Incentive Plan (LTIP)		
4	NC O&M portion of LTIP pro forma adjustment for EPS outcomes	(507,697) [1]
5	NC O&M portion of LTIP pro forma adjustment for TSR outcomes	(253,849) [1]
6	Adjustment to remove LTIP for EPS & TSR	<u>(761,546)</u>
7	LTIP already removed in Executive Compensation Adjustment	<u>635,524</u> [2]
8	Public Staff Adjustment for LTIP related to EPS & TSR	<u>(\$126,022)</u>
9	Total adjustment to Incentive pay (L3 + L18)	<u><u>(\$339,856)</u></u>

[1] From Company Response to Public Staff Data Request No. 125, Items 1&2.

[2] Based on Public Staff Executive Compensation Adjustment.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO PENSION OPEB & LTD EXPENSE
For The Test Year Ended December 31, 2020

Line No.	Item	Amount
	North Carolina O&M Expense Amounts @ May 31, 2021:	
1	Qualified Pensions	(\$2,644,396) [1]
2	Non-Qualified Pension to expense	280,825 [1]
3	Postretirement Benefits (OPEB)	(1,157,080) [1]
4	LTD	<u>1,290,701 [1]</u>
5	Public Staff NC Pension & OPEB expense	(2,229,951)
5	Piedmont North Carolina Pension OPEB pro forma expense	<u>(1,407,992) [2]</u>
6	Adjustment to North Carolins Pension pro forma expense	<u>(\$821,959)</u>

[1] From Company Update to G-1, Item 9

[2] G-1, Item 4E_Pension OPEB LTD Adj.

PIEDMONT NATURAL GAS COMPANY
Docket No. G-9, Sub 743
ADJUSTMENT TO UNCOLLECTIBLES
For The Test Year Ended December 31, 2018

Line No.	Item	NC Net Charge-Offs (a)	Gas Cost Deferrals	Total, net gas costs	Sales & Transportation Revenues (b)
1	Year Ended December 31, 2016	3,736,196	(925,805)	\$2,810,391	791,832,820
2	Year Ended December 31, 2017	5,451,299	(1,495,506)	\$3,955,793	861,817,440
3	Year Ended December 31, 2018	7,862,260	(\$2,139,364)	\$5,722,896	\$884,070,971 [3]
4	Year Ended December 31, 2019	5,770,761	(1,800,456)	3,970,306	920,601,978 [3]
5	Year Ended December 31, 2020	2,898,786	(420,169)	2,478,617	922,277,748 [3]
6	Total for the 5 year period (Sum of L1 - L5)			\$18,938,003	\$4,380,600,957
7	Number of years presented			5 [2]	5 [2]
8	Three-year average (L4 / L5)			\$3,787,601	876,120,191
9	Uncollectibles percentage per Public Staff (L6, Column (c) / L6, Column (d))				0.4323152%
10	Pro Forma Revenues from sales and transportation of gas, net of gas costs				1,110,660,711 [3]
11	Uncollectibles per Public Staff (L7 x L8)				4,801,555
12	Uncollectibles per Company				5,617,627 [4]
13	Adjustment to uncollectibles (L9 - L10)				(\$616,072)

[1] Per G-1, Item 4. Excludes Klausner write-off per Company.

[2] Per Public Staff.

[3] Per monthly financial reports.

[4] Per Company filing, G-1 Item 10

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT FOR ROBESON LNG
For The Test Year Ended December 31, 2020

Line No.	Item	May 2021 Update		
		Company Amount	Public Staff Amount [2]	Public Staff Adjustment [3]
	<u>Robeson LNG Plant In Service and Depr Exp</u>			
1	Storage Plant May 2021 Additions (2 state)	0	0	0
2	Non-depr land May 2021 Additions (2 state)	\$2,708,289 [1]	0	(\$2,708,289)
3	Other	0	0	0
4	Other Storage Plant	2,708,289	0	(2,708,289)
5	Line 456 & Line 457	33,900,451 [2]	0	(33,900,451)
6	Accumulated Depreciation	(370,303) [2]	0	370,303
7	Robeson LNG Plant in Service per Public Staff	\$36,238,438	\$0	(\$36,238,438)
8	Depreciation Expense	\$634,805 [2]	\$0	(\$634,805)
9	Robeson LNG - Property Taxes Adj	\$3,142	\$0	(\$3,142)
	<u>O&M LNG Expenses</u>			
10	Salaries and Wages	\$986,735	\$0	(\$986,735)
11	Incentives	106,859	0	(106,859)
12	Fringe Benefits	301,464	0	(301,464)
13	O&M Expenses excluding personnel cost	626,653	0	(626,653)
14	Incremental property insurance	66,961	0	(66,961)
15	Total Robeson LNG O&M Expenses	\$2,088,673	\$0	(\$2,088,673)
16	Demand Day Allocator (LNG)	85.39%	83.16%	83.16%
17	Public Staff LNG Expense Adjustments	\$1,783,517	\$0	(\$1,783,517)
18	O&M LNG Salaries & Incentives - Payroll Tax Adj			(\$83,660)

- [1] Company Data Response 120-33 times Public Staff Design Day allocation factor.
[2] Company Data Response 113-15a Attachment and depreciation rates per Perry Exhibit I, Schedule 2-1 (a).
[3] Per Company pro forma adjustments, LNG Summary
[4] Amount per Public Staff witness Metz
[5] Column (a) minus Column (b).

Perry Exhibit I
Schedule 3-6

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO DEMAND ALLOCATOR ADJUSTMENT
For The Test Year Ended December 31, 2020

Line No.		85.24% Test Period NC/SC Allocated Amounts [1]	100% NC/SC Amounts	
<u>Income Statement Effect:</u>				
1	0843200- LNG Maint of Structures & Impr	\$5,129	\$6,017	
2	0843400- LNG Maint Purification Equip	0	0	
3	0843500- LNG Maint Liquefaction Equip	180	211	
4	0843600- LNG Maint Vaporization Equip	61,770	72,466	
5	0843700- LNG Maint Compressor Equip	29,245	34,310	
6	0843800- LNG Maint Measure/Reg Equip	0	0	
7	0843900- LNG Maint Other Storage Equip	150,886	177,013	
8	0844100-LNG Ops Supv Eng Labor & Exp	332,755	390,375	
9	0845200-LNG Power	105,116	123,318	
10	0846201- LNG Operation Labor & Exp	<u>1,351,535</u>	<u>1,585,564</u>	
11	Total LNG Terminating, Processing & Operating Expense	\$2,036,617	\$2,389,274	
12	Public Staff NC Design Day Pro Forma Allocation %		<u>83.16%</u> [2]	
13	NC Allocated LNG O&M Expenses per Public Staff		1,986,968	
14	NC Allocated LNG O&M Expenses per Company		<u>2,036,617</u>	
15	Public Staff LNG O&M Expense Adjustment		<u>(\$49,649)</u>	
16	Gas in Storage @ May 31, 2021 - adjustment to use the Public Staff allocation factor		<u>(971,458)</u> [4]	
17	Fixed Gas Costs - @ May 31, 2021 - adjustment to use the Public Staff allocation factor		<u>(3,555,606)</u> [5]	
<u>Balance Sheet Effect:</u>				
		Plant [3]	Acc Depreciation [3]	Depreciation Rate [3] Depreciation Expense [3]
18	26000 Land and Land Rights	\$6,967,666	\$0	0.00% 0
19	26100 Structures & Improvements	58,233,357	8,238,504	2.02% \$978,246
20	26200 Gas Holders	12,998,370	10,666,079	1.48% 159,984
21	26300 Purification Equipment	26,468,997	3,378,985	2.46% 541,499
22	26310 Liquefaction Equipment	23,672,863	3,954,257	2.06% 405,549
23	26320 Vaporizing Equipment	34,775,344	7,056,711	3.43% 991,952
24	26330 Compressor Equipment	10,627,474	1,906,229	2.51% 221,834
25	26340 Measuring & Reg Equipment	719,800	78,942	3.10% 18,557
26	26350 Other Equipment	<u>9,298,087</u>	<u>2,074,337</u>	<u>2.98% 230,428</u>
		183,761,958	37,354,044	
27	Public Staff NC Design Day Pro Forma Allocation %	<u>83.16%</u>	<u>83.16%</u>	
28	NC Storage Plant per Public Staff	152,820,119	(33,406,264)	3,548,047
29	NC Storage Plant per Company	<u>156,638,693</u>	<u>(31,840,587)</u>	<u>3,636,704</u>
30	Public Staff LNG 2 State Adjustments	<u>(\$3,818,573)</u>	<u>(\$1,565,676)</u>	<u>(\$88,656)</u>
31	Property Tax Adjustment per Public Staff		<u>(\$26,648)</u>	

[1] Per G-1 filing, Item 1, Attachment 9 of 9.

[2] Per Public Staff witness Metz.

[3] May Update

[4] 32-2 Supplemental - CWC UPDATE-May using the Public Staff Design Day allocation factor

[5] Cost of Gas per Public Staff witness Patel X Public Staff Design Day allocation factor.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO CUSTOMER PAYMENT FEES
For The Test Year Ended December 31, 2020

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Estimated annual Speedpay transactions	586,303 [1]
2	Speedpay rate per transaction	<u>\$1.50</u> [2]
3	Annual Speedpay transaction expenses (L1 x L2)	\$879,455
4	NC allocation	<u>71.52%</u> [1]
5	Public Staff annual Speedpay transaction expenses (L3 x L4)	628,986
6	Company pro forma customer payment fees	<u>1,467,634</u> [1]
7	Public Staff adjustment to pro forma expenses (L5 - L6)	<u><u>(\$838,648)</u></u>

[1] Per G-1 Item 4J_Customer Payment Fees Adj.

[2] Contracted third-party fee approved in Docket No. E-7, Subs 1213 and 1214.

Perry Exhibit I
Schedule 3-8

PIEDMONT NATURAL GAS COMPANY
Docket No. G-9, Sub 743
ADJUSTMENT TO RATE CASE EXPENSE
For The Test Year Ended December 31, 2018

Line No.	Item	Company Amount [1] (a)	Actual Payments as of May 31, 2021 [2] (b)	Difference (c)	50% of Difference (d)	Public Staff Amount [3] (e)
1	Legal	\$500,000	\$200,431	\$299,569	149,785	\$350,215
2	ROE Witness	100,000	33,282	66,718	33,359	66,641
3	Lead Lag Witness (Management Application Consulting)	4,500		4,500	2,250	2,250
4	CCOS Witness (Witness Menhorn from MCR) Plus Cost Model (b)	227,000	197,980	29,020	14,510	212,490
5	Other Consultants		45,790			45,790
	Regulatory Notices:				0	0
6	Newspapers	215,000		215,000	107,500	107,500 [4]
7	Customer Mailings	250,000	278,330	(28,330)	(14,165)	264,165 [4]
8	PNG Travel and Misc Expense (Guident)	10,000	6,918	3,082	1,541	8,459
9	Total Amount	\$1,306,500	\$762,731	\$589,559	294,780	\$1,057,510
10	Amortization Period					4 [5]
11	Public Staff Proposed annual amortization expense					264,378
12	Company Proposed Annual Amortization Expense					501,408
13	Rate Case Expense Public Staff Adjustment					(\$237,030)

[1] G-1, Item 4Q_Rate Case Adj

[2] Per updated Company data request responses to DR 25, Item 2

[3] Actual payments as of May 31, 2021 X 50% of difference

[4] Same as Column (b)

[5] Per Public Staff.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
AMORTIZATION OF PIPELINE INTEGRITY MANAGEMENT - TRANSMISSION COSTS
For The Test Year Ended December 31, 2020

Line No.	Item	North Carolina Amount
<u>Income Statement Effect:</u>		
1	Unamortized Deferred Balance, as approved for rate recovery per the Company's 2019 rate case.	\$54,449,944 [1]
2	Add: Incremental deferred PIM-T expenses 7/1/2019 - 11/30/2019	7,035,358 [2]
3	Add: Updated deferred PIM-T expenses 12/1/2019 - 11/30/2020	17,953,498 [2]
	Add: Updated deferred PIM-T expenses 12/1/2020 - 2/28/2021	1,942,117 [2]
4	Add: Updated deferred PIM-T expenses 3/1/2021 - 5/31/2021	3,962,179 [2]
		<u>85,343,096</u>
5	Less: Amortization expense 6/30/2019 to 10/31/2019	(\$2,268,748)
6	Less: Amortization expense 11/1/2019 to 12/31/2020	<u>(26,090,598)</u>
7	Total amortization expense through December 31, 2020	<u>(28,359,346)</u>
8	Total Deferred PIM Costs per Public Staff	56,983,751
9	Amortization period in years	4 [3]
10	Amortization of Deferred PIM Costs per Public Staff	14,245,938
11	Amortization of Deferred PIM Costs per Company	<u>13,202,852</u> [4]
12	Public Staff Adjustment to Amortization of PIM Costs	<u>\$1,043,086</u>
<u>Rate Base Effect:</u>		
13	Unamortized Pipeline Integrity Costs at December 31, 2020	\$56,983,751 [5]
14	Less: Ongoing amortization reflected in O&M expenses	<u>14,245,938</u> [6]
15	Unamortized PIM balance per Public Staff	42,737,813
16	Deferred Pipeline Integrity Costs per Company	<u>66,246,607</u> [7]
17	Unamortized Pipeline Integrity Costs per Public Staff	<u>(\$23,508,794)</u>

- [1] G-1, Item 4, 4P_PIM-T Adj, Summary tab, Line 1
[2] Per Public Staff witness Feasel review of Company data request responses.
[3] Per Public Staff.
[4] G-1, Item 4, 4P_PIM-T Adj, Summary tab, Line 6
[5] Line 8.
[6] Line 10.
[7] Calculated based on G-1, Item 4, 7_WorkingCapital Adj, G PIM-D and PIM-T tab

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
AMORTIZATION OF PIPELINE INTEGRITY MANAGEMENT - DISTRIBUTION COSTS
For The Test Year Ended December 31, 2020

Line No.	Item	North Carolina Amount
<u>Income Statement Effect:</u>		
1	Unamortized PIM-D Costs @ June 30, 2019	\$0 [1]
2	Add: Incremental Deferred PIM-D expenses 1/1/2020 - 11/30/2020	3,835,882 [2]
3	Add: Updated Deferred PIM-D expenses 12/1/2020 - 2/28/2021	2,689,444 [2]
4	Add: Updated Deferred PIM-D expenses 3/1/2021 - 5/31/2021	2,710,983 [2]
		9,236,309
5	Less: Amortization expenses from 11/1/2019 to 12/31/2020	0
6	Total Deferred PIM-D Costs per Public Staff	9,236,309
7	Amortization period in years	4 [3]
8	Amortization of Deferred PIM Costs per Public Staff	2,309,077
9	Amortization of Deferred PIM Costs per Company	1,191,131 [1]
10	Public Staff Adjustment to Amortization of PIM-D Costs	\$1,117,946
<u>Rate Base Effect:</u>		
11	Unamortized Distribution Pipeline Integrity Costs at December 31, 2020	\$9,236,309 [4]
12	Less: Ongoing amortization reflected in O&M expenses	2,309,077 [5]
13	Unamortized PIM-D balance per Public Staff	6,927,232
14	Deferred Distribution Pipeline Integrity Costs per Company	4,127,396 [6]
15	Unamortized Distribution Pipeline Integrity Costs per Public Staff	\$2,799,836

- [1] G-1, Item 4O_PIM-D Adj. Tab: Summary
 [2] Per Public Staff witness Feasel review of Company data request responses.
 [3] Per Public Staff.
 [4] Line 6.
 [5] Line 8.
 [6] Calculated based on G-1, Item 4, 7_WorkingCapital Adj, G PIM-D and PIM-T tab

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO AMORTIZATION OF ENVIRONMENTAL COSTS
For The Test Year Ended December 31, 2020

Line No.	Item	Amount
<u>Income Statement Effect:</u>		
1	Unamortized Environmental Costs @ May 31, 2021	(\$55,817) [1]
2	Add: Incremental deferred Environmental expenses 7/1/2019 - 10/31/2020	777,964 [2]
3	Add: Updated deferred Environmental expenses 11/1/2020 - 3/31/2021	211,854 [2]
4	Add: Updated deferred Environmental expenses 4/1/2021 - 5/31/2021	89,360 [2]
		1,023,362
5	Less: Amortization expense 11/1/2019 to 12/31/2019	(\$2,326)
6	Less: Amortization expense 1/1/2020 to 11/30/2021	(26,746)
7	Total amortization expense through November 30, 2021	(29,071)
8	Total Deferred Environmental Costs per Public Staff	1,052,433
9	Amortization period in years	4 [3]
10	Amortization of Deferred Environmental Costs per Public Staff	263,108
11	Amortization of Deferred Environmental Costs per Company	208,329 [4]
12	Public Staff Adjustment to Amortization of Environmental Costs	\$54,779
<u>Rate Base Effect:</u>		
13	Unamortized Deferred Environmental Costs @ October 31, 2021	\$1,052,433 [5]
14	Less: Ongoing amortization reflected in O&M expenses	\$263,108 [6]
15	Unamortized Environmental balance per Public Staff	\$789,325
16	Deferred Environmental Costs per Company	599,403 [7]
17	Unamortized Environmental Costs per Public Staff	\$189,922

- [1] G-1, Item 4, 4N_Environmental Adj, Summary tab, Line 1
[2] Per Public Staff witness Feasel review of Company data request responses.
[3] Per Public Staff.
[4] G-1, Item 4, 4N_Environmental Adj, Summary tab, Line 6
[5] Line 8.
[6] Line 10.
[7] G-1, Item 4, 7_WorkingCapital Adj, N Environmental Exp tab, cell E26

Perry Exhibit I
Schedule 3-12

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
AMORTIZATION DUE TO REGULATORY FEE UNDERCOLLECTION
For The Test Year Ended December 31, 2020

Line No.	Item	Public Staff Amount	
		(a)	
1	Undercollection of Regulatory Fees at October 31, 2019	\$443,793	[1]
2	Amortization through November 30, 2021	(212,650)	[4]
3	Projected Balance for Recovery (Line 1 + Line 2)	231,143	
4	Proposed amortization period, in years	4	[5]
5	Proposed annual amortization expense (Line 3 / Line 4)	57,786	
6	Less: Amortized expense amount included in the Test Period	110,948	
7	Undercollection for Recovery (Line 5 - Line 6)	(\$53,162)	
Rate Base Effect:			
8	Unamortized Regulatory Fee Costs @ November 30, 2021	\$231,143	
9	Less: Ongoing amortization reflected in O&M expenses	(57,786)	
10	Unamortized Regulatory Fee balance per Public Staff	173,357	
11	Deferred Regulatory Fee Costs per Company	203,405	[6]
12	Unamortized Regulatory Fee Costs per Public Staff	(\$30,048)	

[1] Balance at 10/31/2021 per G-9, Sub 743.

[2] G-1, Item 4a, Page 93, Line 2

[3] Monthly amortization expense times 23 months.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO AMORTIZE EASTERN NC DEFERRED O&M EXPENSES
For The Test Year Ended December 31, 2020

<u>Line No.</u>	<u>Item</u>	<u>North Carolina Amount</u>
1	Amortization of Deferred Eastern O&M per Public Staff	\$159,616
2	Amortization of Deferred Eastern O&M per Company	<u>297,759</u> [3]
3	Adjustment to Deferred Eastern O&M Amortization (L1-L2)	<u><u>(\$138,143)</u></u>

[1] Per Schedule 3-9, Page 2 of 2.

[2] Per Public Staff witness

[3] Public Staff Settlement Exhibit in Docket No. G-9, Sub 743.

PIEDMONT NATURAL GAS COMPANY
Docket No. G-9, Sub 781
Eastern Deferred O&M Amortization
For The Test Year Ended December 31, 2020

Assumptions:

Annual Interest Rate	6.29%
Term in number of months	48
Principal Subject to Amortization	563,150

Period	Beginning Balance	Monthly Charge	Amortization of Principal	Interest Income	Ending Balance
Dec-21	\$563,150 [1]	\$13,301	\$10,348	\$2,953	\$552,802
Jan-22	552,802	13,301	10,402	2,899	542,399
Feb-22	542,399	13,301	10,457	2,844	531,942
Mar-22	531,942	13,301	10,512	2,790	521,431
Apr-22	521,431	13,301	10,567	2,734	510,864
May-22	510,864	13,301	10,622	2,679	500,241
Jun-22	500,241	13,301	10,678	2,623	489,563
Jul-22	489,563	13,301	10,734	2,567	478,829
Aug-22	478,829	13,301	10,790	2,511	468,039
Sep-22	468,039	13,301	10,847	2,454	457,192
Oct-22	457,192	13,301	10,904	2,398	446,288
Nov-22	446,288	13,301	10,961	2,340	435,327
Dec-22	435,327	13,301	11,018	2,283	424,309
Jan-23	424,309	13,301	11,076	2,225	413,232
Feb-23	413,232	13,301	11,134	2,167	402,098
Mar-23	402,098	13,301	11,193	2,109	390,905
Apr-23	390,905	13,301	11,251	2,050	379,654
May-23	379,654	13,301	11,310	1,991	368,343
Jun-23	368,343	13,301	11,370	1,932	356,974
Jul-23	356,974	13,301	11,429	1,872	345,544
Aug-23	345,544	13,301	11,489	1,812	334,055
Sep-23	334,055	13,301	11,550	1,752	322,506
Oct-23	322,506	13,301	11,610	1,691	310,895
Nov-23	310,895	13,301	11,671	1,630	299,224
Dec-23	299,224	13,301	11,732	1,569	287,492
Jan-24	287,492	13,301	11,794	1,508	275,699
Feb-24	275,699	13,301	11,856	1,446	263,843
Mar-24	263,843	13,301	11,918	1,384	251,925
Apr-24	251,925	13,301	11,980	1,321	239,945
May-24	239,945	13,301	12,043	1,258	227,902
Jun-24	227,902	13,301	12,106	1,195	215,796
Jul-24	215,796	13,301	12,170	1,132	203,626
Aug-24	203,626	13,301	12,234	1,068	191,393
Sep-24	191,393	13,301	12,298	1,004	179,095
Oct-24	179,095	13,301	12,362	939	166,733
Nov-24	166,733	13,301	12,427	874	154,306
Dec-24	154,306	13,301	12,492	809	141,814
Jan-25	141,814	13,301	12,558	744	129,256
Feb-25	129,256	13,301	12,624	678	116,632
Mar-25	116,632	13,301	12,690	612	103,943
Apr-25	103,943	13,301	12,756	545	91,187
May-25	91,187	13,301	12,823	478	78,363
Jun-25	78,363	13,301	12,890	411	65,473
Jul-25	65,473	13,301	12,958	343	52,515
Aug-25		13,301	13,301	0	(13,301)
Sep-25	(13,301)	13,301	13,371	(70)	(26,672)
Oct-25	(26,672)	13,301	13,441	(140)	(40,114)
Nov-25	(40,114)	13,301	13,512	(210)	(53,625)

Sum of Monthly Charge from Dec-21 to Nov -22 \$159,616

[1] Based on Ending Balance in Docket No. G-9, Sub 743.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO CHANGES FOR REGULATORY FEE EXPENSE
For The Test Year Ended December 31, 2020

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Adjusted Test Year Sales and Transportation Revenues	\$1,047,021,735 [1]
2	Less:	
3	Uncollectibles	4,801,555 [2]
4	Amount Subject to Fee	1,042,220,180
5	Current Regulatory fee rate	0.130% [3]
6	Adjusted Fee per Public Staff (L4 x L5)	1,354,886
7	Adjusted Fee per Company	1,353,825 [1]
8	Public Staff Adjustment to Regulatory Fee (L6 - L7)	\$1,061

[1] G-1, Item 4R_Reg Commission Fee Adj.

[2] Perry Exhibit I, Schedule 3-4, Line 9.

[3] Per Commission Order on June 18, 2019, in Docket No. M-100, Sub 142.

Piedmont Natural Gas Company
Docket No. G-9, Sub 781
ADJUSTMENT TO INFLATION EXPENSE
For The Test Year Ended December 31, 2020

Line No.	Item	Amount
1	Non-adjusted O&M expenses per the Company	\$210,366,163 [1]
2	Less adjusted expenses per Company filing	140,622,940 [1]
3	Total expenses subject to inflation per Company	69,743,223
	Less: Additional Expenses adjusted by Company	
4	Test Year Customer Growth Expenses - growth not applied because growth too high, expenses too high	(28,024,252) [1]
	Less: Additional Expenses adjusted by Public Staff elsewhere	
5	Board of Director Expenses	(\$721,478) [2]
6	LNG O&M expenses	(2,088,673) [2]
7	Remove lobbying expenses	(75,805) [2]
8	Remove sponsorships and dues	(782,303) [2]
9	Remove Board of Directors expenses	(803,450) [2]
10	Test year advertising expenses	(1,056,662) [2]
11	Adjusted expenses not subject to inflation adjustment (Sum of L5 through L10)	(5,528,371)
12	Non-adjusted O&M expenses per the Public Staff (L3 + L4 + L11)	\$36,190,600
13	Inflation index	1.93% [3]
14	Inflation adjustment per Public Staff (L12 x L13)	698,479
15	Inflation adjustment per Company	1,413,789 [1]
16	Adjustment to non-adjusted O&M expenses increased for inflation (L14 - L15)	(\$715,311)

[1] G-1 Item 4a, Page 102. Native file 2019-04-04 File 16.xls

[2] Perry Exhibit I, Schedule 3 and test year expenses in the MFR G-1, Item 2.

[3] Company's methodology updated per Public Staff Witness Hinton.

PIEDMONT NATURAL GAS COMPANY
Docket No. G-9, Sub 743
ADJUSTMENT TO AVIATION EXPENSES
For The Test Year Ended December 31, 2018

Line No.	Item	Amount
1	NC Direct	\$301,167 [1]
2	2-State	28,912 [1]
3	3-State	\$37,823 [1]
4	Utility Patrol expense allocated to NC	367,902
5	Total Other Aviation Expense Allocated to NC Operations in 2020	557,818 [1]
6	Percentage of Aviation expenses to be excluded:	
7	Miles disallowed	170,342 [2]
8	Total Miles	202,060 [2]
9	Percentage of Aviation expenses to be disallowed (line 7/line 8)	84.30%
10	Amount of Aviation expense allowed (1- 84.30% =15.70%)	15.70%
		87,577 [3]
11	Total Aviation Expense Allowed per Public Staff	455,479
12	Total Aviation Expense per Company	646,575
13	Public Staff Adjustment to Aviation O&M expenses (L11 - L12)	(\$191,096)

[1] Company adjustment 4L_ Aviation Adj PS

[2] Calculated by Public Staff based on Company response to Public Staff Data Request No. 69, Item 4c.

[3] Line 5 X Public Staff allowable percentatge of 15.70%.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO LOBBYING EXPENSE
For The Test Year Ended December 31, 2020

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Remove Test Year Stakeholder Strategy charges related to lobbying	\$60,633 [1]
2	Remove Federal Government Affairs charges related to lobbying	45,240 [1]
3	Total Public Staff adjustment to remove lobbying expenses (L1 + L2)	<u>\$105,873</u>
4	NC Allocation Percentage	<u>71.9000% [2]</u>
5	Public Staff adjustment to lobbying expense (L3 X L4)	<u><u>\$76,123</u></u>

[1] Based on Company response to Public Staff Data Request 84-1 i-vii, and 84-3

[2] NC allocation factor.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT FOR SPONSORSHIPS & DUES
For The Test Year Ended December 31, 2020

Line No.	Item	3 State (a)	NC Direct (b)	Total (c)
1	Sponsorships	\$1,458 [1]	\$54,631 [1]	\$56,089 [1]
2	Chamber of Commerce Dues	10,744 [2]		10,744 [2]
3	Total amount removed (L1 + L2)	\$12,201	\$54,631	\$66,833
4	NC Test Year Allocator %	71.90%	100%	
5	Public Staff adjustment to sponsorship & dues (L3 X L 4)	(\$8,773)	(\$54,631)	(\$63,404)

- [1] Per Public Staff Data Request Response 54-2 CONFIDENTIAL attachment.
[2] Item 11 Attachment 2_CONFIDENTIAL

PIEDMONT NATURAL GAS COMPANY
Docket No. G-9, Sub 743
ADJUSTMENT TO NONUTILITY
For The Test Year Ended December 31, 2018

Line No.	Account No.	Description	Merchandising, Jobbing, and CNG	Nonutility Equity Investments	[1]	NC Total	[5]
Expenses subject to allocation:							
1.	90370	Postage	\$2,558,076		[1]		
2.	90500	Misc. Customer Acctg. Exp	11,438		[1]		
3.	92000	Admin & General Salaries - officers	\$1,484,326	\$1,484,326	[1]	[2]	
4.		Corporate Office Rent	\$7,105,112		[1]		
5.		Incentive Pay - LTIP, STIP	774,886	\$774,886	[3]	[3]	
		Employee Benefits Education	78,706		[1]		
		Directors' Fees, Expenses & Shareholder Expens	95,923		[1]		
6.	92198	Supplies and Expenses	10,338,009		[3]		
7.	9232000	Outside services	11,783,515		[3]		
8.	92140, 92154	Computer Services	3,862,852	3,862,852	[3]	[3]	
9.	92510	Insurance Premiums	3,004,348	3,004,348	[1]	[3]	
10.	92520	Safety Programs, Materials	1,135,690		[1]		
11.	93230	Maintenance Other General Plant	777,513	777,513	[1]		
12.		Total (Sum of L1 thru L12)	\$43,010,394	\$9,903,924			
13.		Allocation factors	1.1638%	0.3895%			
14.		Public Staff Amount (L13 x L14)	500,209	38,643			\$538,852
15.		Company Amount	408,160	0			408,160
16.		Public Staff adjustment (L15 - L16)	\$92,049	\$38,643			\$130,692

Plant-related nonutility adjustment:

Decrease in Plant in Service	(\$4,168,721)	[4]
Decrease in Accumulated Deprecation	1,403,178	[4]
Decrease Net Nonutility PIS	(\$2,765,543)	
Decrease Depreciation Expense	(\$224,962)	[4]
Decrease Property Tax	(\$13,687)	[4]

Allocation Ratios:

	Revenues	Payroll	Property	Average
Utility	98.26%	97.70%	99.38%	98.45%
Merchandise and Jobbing	1.19%	2.30%	0.00%	1.16%
Other Non-Utility	0.55%	0.00%	0.62%	0.39%
Total	100.00%	100.00%	100.00%	100.00%
				1.55%

- [1] Per Company's adjustment, 4K_Non-Utility Adj
[2] Per Data Request Response 125-1&2 CONFIDENTIAL Attachment.
[3] Per Company's adjustment, 4K_Non-Utility Ad, NC Alloc IS Dec 2020 tab.
[4] Per Perry Exhibit I, Schedule 2- 1 (c).
[5] Column (a) + Column (b) + Column(c).

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
INTEREST SYNCHRONIZATION ADJUSTMENT
For The Test Year Ended December 31, 2020

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Interest expense assigned to rate base per Company	<u>\$93,718,247</u> [1]
2	Interest expense assigned to rate base per Public Staff	<u>84,770,937</u> [2]
3	Difference in interest expense tax deduction (L2 - L1)	<u>(8,947,310)</u>
4	Adjustment to state income taxes (L3 x 2.5%)	<u>223,683</u>
5	Adjustment to federal income taxes (L3 + L4 x 21%)	<u>1,831,962</u>
6	Total adjustment to income taxes	<u>\$2,055,644</u>

[1] Bowman Exhibit_(QPB-8), Page 2.

[2] Perry Exhibit I, Schedule 4, Column (e), Line 1 + Line 2.

Perry Exhibit I
Schedule 4

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
RETURN ON EQUITY AND ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2020

Line No.	Item	Capitalization Ratios (a)	Original Cost Rate Base (b)	Before Recommended Increase			Rate Base (f)	After Recommended Increase		
				Embedded Cost/Return % (c)	Weighted Cost/Return % (d)	Net Operating Income (e)		Embedded Cost/Return % (g)	Weighted Cost/Return % (h)	Net Operating Income (i)
1	Long term debt	48.81%	\$2,076,363,605 [2]	4.08% [1]	1.9910% [5]	\$84,715,635 [7]	\$2,076,333,947	4.08%	1.99% [10]	\$84,714,425 [12]
2	Short term debt	0.65%	27,650,816 [2]	0.20% [1]	0.0010% [5]	55,302 [7]	27,650,421	0.20%	0.00% [10]	55,301 [12]
3	Common equity	50.54%	2,149,957,316 [2]	9.44% [4]	4.7690% [5]	202,876,629 [8]	2,149,926,607	9.42%	4.76% [10]	202,523,086 [12]
4	Totals	100.00%	\$4,253,971,738 [3]		6.76% [6]	\$287,647,566 [9]	\$4,253,910,975		6.75% [11]	\$287,292,812 [13]

[1] Per Public Staff Witness Hinton.

[2] Column (a) x Column (b), Line 4.

[3] Perry Exhibit I, Schedule 2.

[4] Column (e) / Column (b).

[5] Column (a) x Column (c).

[6] Column (e), Line 4 / Column (b), Line 4.

[7] Column (b) x Column (c).

[8] Column (e), Line 4 - Line 1 - Line 2.

[9] Perry Exhibit I, Schedule 3.

[10] Column (a) x Column (f).

[11] Column (h), Line 4 / Column (b), Line 4.

[12] Column (b) x Column (f).

[13] Sum of Line 1 thru L3.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF INCREASE (DECREASE) IN
REVENUE REQUIREMENT
For The Test Year Ended December 31, 2020

Line No.	Item	Debt		Equity	Total
		Long Term (a)	Short Term (b)	(c)	(d)
1	Required net operating income	\$84,714,425 [1]	\$55,301 [1]	\$202,523,086 [1]	\$287,292,812
2	Net operating income before proposed increase	<u>84,715,635 [2]</u>	<u>55,302 [2]</u>	<u>202,876,629 [2]</u>	<u>287,647,566</u>
3	Additional net operating income requirement (L1 - L2)	(1,210)	(1)	(353,543)	(354,754)
4	Retention factor	<u>0.994382 [3]</u>	<u>0.994382 [3]</u>	<u>0.7659230 [4]</u>	
5	Additional gross revenue requirement (L3 / L4)	<u><u>(\$1,217)</u></u>	<u><u>(\$1)</u></u>	<u><u>(\$461,590)</u></u>	<u><u>(\$462,808)</u></u>

[1] Perry Exhibit I, Schedule 4, Column (h).

[2] Perry Exhibit I, Schedule 4, Column (e).

[3] Perry Exhibit I, Schedule 5 (a), Column (d), Line 10.

[4] Perry Exhibit I, Schedule 5 (a), Column (d), Line 13.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO FLOWBACK PROTECTED EDIT DUE TO TAX CUTS
AND JOBS ACT
For The Test Year Ended December 31, 2020

Line No.	<u>Item</u>	<u>Amount</u>
	<u>Income Statement</u>	
1	Regulatory liability for federal tax change related to protected EDIT - NC	(\$201,146,975) 1/
2	Annual amortization percentage	1.967% 2/
3	Annual amortization of protected EDIT - NC (L2 x L3)	(3,957,505)
4	Amount included in rate from prior rate case	(4,061,162) 3/
5	Annual amortization of protected EDIT - NC, net of tax (L3 + L4)	<u>\$103,657</u>
	<u>Rate Base</u>	
6	Adjustment to regulatory assets and liabilities (L3)	\$3,957,505
7	Adjustment to accumulated deferred income taxes per Company	0
8	Adjustment to rate base (L6 + L8)	<u>\$3,957,505</u>

- 1/ Data Request Response 84-1 Attachment 1 of 2 at 12-31/20 + 11 months of amortization thru 11-30-21
2/ Remaining rider years approved in the Sub 743 rate case.
3/ Amount reflected in the Sub 743 rate case.

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
**CALCULATION OF LEVELIZED FEDERAL UNPROTECTED EDIT
RIDER CREDIT**
For The Test Year Ended December 31, 2020

Line No.	Item	Year 1 Revenue Requirement (a)	Year 2 Revenue Requirement (b)	Year 3 Revenue Requirement (c)	Total Revenue Requirement (f)
	<u>Annuity Factor</u>				
1	Number of years	3 1/			
2	Payment per period	1			
3	After tax rate of return	6.296% 2/			
4	Present value of 1 dollar over number of years with				
5	with 1 payment per year	2.6584			
6	1 plus (interest rate divided by two)	1.0315			
7	Annuity factor (L4 x L5)	<u>2.7421</u>			
8	Total NC retail regulatory liability to be amortized	<u>(\$46,920,618) 3/</u>	<u>(\$46,920,618) 3/</u>	<u>(\$46,920,618) 3/</u>	
9	Line 7	<u>2.7421</u>	<u>2.7421</u>	<u>2.7421</u>	
10	Levelized rider federal EDIT regulatory liability (L8 / L9)	<u>(17,111,199)</u>	<u>(17,111,199)</u>	<u>(17,111,199)</u>	<u>(51,333,597) 5/</u>
11	Retention factor	<u>0.7659230 4/</u>	<u>0.7659230 4/</u>	<u>0.7659230 4/</u>	<u>0.7659230 4/</u>
12	Levelized rider federal EDIT credit (L5 / L6)	<u>(\$22,340,624)</u>	<u>(\$22,340,624)</u>	<u>(\$22,340,624)</u>	<u>(\$67,021,873)</u>

- 1/ Remaining rider period approved in the prior rate case in Docket No G-9, Sub 743.
2/ Perry Exhibit II, Schedule 3(a), Line 3.
3/ Data Request Response 84-1 Attachment 1 of 2 at 12-31/20 + 11 months of amortization thru 11-30-21
4/ Perry Exhibit I, Schedule 5, Line 4.
5/ Column (a) plus Column (b).

Perry Exhibit II
Schedule 2(a)

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF ANNUITY FACTOR FOR EDIT LIABILITY
RIDER
For The Test Year Ended December 31, 2020

Line No.	Item	Amount
	<u>Annuity Factor</u>	
1	Number of years	3 1/
2	Payment per period	1
3	After tax rate of return (L9)	6.296%
4	Present value of 1 dollar over number of years with with 1 payment per year	2.6584
5	1 plus (interest rate divided by two)	1.0315
6	Annuity factor (L4 x L5)	<u>2.7421</u>

	Capital Structure	Cost Rates	Overall Rate of Return	[3]	Net of Tax Rate	4/
	(a)	(b)	(c)		(d)	
	<u>After Tax Rate of Return</u>					
7	Long-term debt	48.81% 2/	4.08% 2/	1.991%	1.534%	
8	Short-term debt	0.65% 2/	0.20% 2/	0.001%	0.001%	
9	Common equity	50.54% 2/	9.42% 2/	4.761%	4.761%	
10	Total	<u>100.00%</u>		<u>6.754%</u>	<u>6.296%</u>	

- 1/ Remaining rider period approved in the prior rate case in Docket No G-9, Sub 743.
2/ Perry Exhibit I, Schedule 4.
3/ Column (a) times Column (b).
4/ Column (c) times (1 minus combined income tax rate of 22.975%)

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF LEVELIZED STATE EDIT RIDER CREDIT
For The Test Year Ended December 31, 2020

Perry Exhibit II
Schedule 3

Line No.	Item	Year 1 Revenue Requirement (a)	Total Revenue Requirement (c) 4/
1	Total NC retail regulatory liability to be amortized	(\$15,224,449) 1/	
2	Annuity factor	0.9704 2/	
3	Levelized rider EDIT regulatory liability (L1 / L2)	(15,688,838)	(\$15,688,838)
4	Retention factor	0.7659230 3/	0.7659230 3/
5	Levelized rider EDIT credit (L5 / L6)	<u>(\$20,483,570)</u>	<u>(\$20,483,570)</u>

- 1/ Data Request Response 84-1 Attachment 1 of 2 at 12-31/20 + 11 months of amortization thru 11-30-21
2/ Perry Exhibit II, Schedule 3(a), Line 3.
3/ Perry Exhibit I, Schedule 5, Line 4.
4/ Column (a) plus Column (b).

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Aug 11 2021

Perry Exhibit II
Schedule 3(a)

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF ANNUITY FACTOR FOR EDIT LIABILITY RIDER
For The Test Year Ended December 31, 2020

Line No.	Item	Amount
	<u>Annuity Factor</u>	
1	Number of years	1 1/
2	Payment per period	1
3	After tax rate of return (L9)	6.296%
4	Present value of 1 dollar over number of years with with 1 payment per year	0.9408
5	1 plus (interest rate divided by two)	1.0315
6	Annuity factor (L4 x L5)	<u>0.9704</u>
	<u>Capital Structure</u>	<u>Cost Rates</u>
	(a)	(b)
		<u>Overall Rate of Return</u>
		(c)
	<u>After Tax Rate of Return</u>	<u>Net of Tax Rate</u> [4]
		(d)
7	Long-term debt	48.81% 2/
8	Short-term debt	0.65% 2/
9	Common equity	50.54% 2/
10	Total	<u>100.00%</u>
		<u>4.08% 2/</u>
		<u>0.20% 2/</u>
		<u>9.42% 2/</u>
		<u>1.991%</u>
		<u>0.001%</u>
		<u>4.761%</u>
		<u>6.754%</u>
		<u>1.534%</u>
		<u>0.001%</u>
		<u>4.761%</u>
		<u>6.296%</u>

1/ Remaining rider period approved in the prior rate case in Docket No G-9, Sub 743.

2/ Perry Exhibit I, Schedule 4.

3/ Column (a) times Column (b).

4/ Column (c) times (1 minus combined income tax rate of 22.975%)



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

June 1, 2020

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. G-9, Sub 722

Dear Ms. Campbell:

In accordance with the Commission's Order Granting Extension of Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action issued in this docket on April 20, 2020, I transmit herewith for filing public and confidential versions of the Public Staff's Recommendations and Proposed Order.

By copy of this letter, I am forwarding a copy of the redacted version to all parties of record by electronic delivery. The confidential version will be provided to those parties that have entered into a confidentiality agreement.

Sincerely,

Electronically submitted
/s/ Elizabeth D. Culpepper
Staff Attorney
elizabeth.culpepper@psncuc.nc.gov

Attachments

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Aug 01 2020

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-9, SUB 722

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Consolidated Natural Gas Construction and)	PUBLIC STAFF
Redelivery Services Agreement Between)	RECOMMENDATIONS AND
Piedmont Natural Gas Company, Inc., and)	PROPOSED ORDER
Duke Energy Carolinas, LLC)	

NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission (Public Staff), by and through its Executive Director, Christopher J. Ayers, and respectfully submits its recommendations and proposed order in response to the Commission’s Order Granting Extension of Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action issued in this docket on April 20, 2020 (Second Interim Order).

BACKGROUND

1. On July 26, 2004, in Docket No. G-9, Sub 491, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application for approval of a multi-year Gas Redelivery Agreement (Original Agreement) between Piedmont and Duke Power Company, the predecessor of Duke Energy Carolinas, LLC (DEC). In summary, the Original Agreement set the rates and terms by which Piedmont proposed to provide natural gas redelivery service to DEC’s Lincoln County Combustion Turbine Facility (Lincoln Plant). On August 30, 2004, the Public Staff presented the Original Agreement to the Commission as an agenda item during a Regular Staff

Conference and recommended that the Commission approve the Original Agreement, which was approved by the Commission on September 3, 2004.

2. On September 29, 2016, in Docket Nos. E-2, Sub 1095, E-7, Sub 1100, and G-9, Sub 682, the Commission issued an Order Approving Merger Subject to Regulatory Conditions and Code of Conduct (Merger Order), approving the merger of Piedmont and Duke Energy Corporation, the parent company of DEC. Among other things, the Merger Order resulted in DEC and Piedmont becoming affiliates of one another, with contracts between DEC and Piedmont thus being subject to the requirements of N.C. Gen. Stat. § 62-153.

3. On April 23, 2018, pursuant to N.C.G.S. § 62-153(b), Piedmont filed with the Commission in the instant docket a form of Consolidated Natural Gas Construction and Redelivery Services Agreement related to the construction of new incremental natural gas facilities (New Facilities) and the provision of additional redelivery service by Piedmont to DEC at the Lincoln Plant and Customer's agreement to pay special contract rates and to guarantee certain margin recoveries by Piedmont to cover the costs of such service (Revised Agreement). Piedmont stated that the Revised Agreement consolidated, superseded, and expanded upon DEC's and Piedmont's rights and responsibilities under the Original Agreement for services at the Lincoln Plant.

4. The Public Staff reviewed the proposed Revised Agreement and raised several concerns with Piedmont, particularly with respect to the degree of system contribution provided for by the agreed rates set forth in the Revised Agreement. On November 16, 2018, Piedmont filed a revised Consolidated Natural

Gas Construction and Redelivery Services Agreement (Second Revised Agreement) between Piedmont and DEC. Piedmont stated that the Second Revised Agreement added a usage-based system support surcharge that was renegotiated with DEC in order to address the Public Staff's concerns related to system contributions by the New Facilities. Piedmont requested that the Second Revised Agreement be substituted in its entirety for the previously filed Revised Agreement and that the Commission approve the Second Revised Agreement at its earliest convenience.

5. On January 10, 2020, Piedmont filed a Request for Authorization to Commence Service. Piedmont summarized the Public Staff's investigation and stated that it engaged with the Public Staff in discussions about the utilization of usage-based system support charges for special contract arrangements as reflected in the Stipulation in Piedmont's last general rate case in Docket No. G-9, Sub 743 (2019 Rate Case), and that those discussions were continuing. Piedmont further stated that it had been advised that DEC will require service to the New Facilities beginning February 1, 2020, and that Piedmont is physically able and willing to provide such service as requested by DEC since Piedmont proceeded with construction of those facilities notwithstanding the ongoing nature of discussions with the Public Staff about the appropriate rates for service through such facilities to provide such service as requested by DEC. Piedmont requested that the Commission authorize the commencement of incremental service to the Lincoln Plant effective February 1, 2020, on an interim basis, at the rates reflected in the Second Revised Agreement, which according to Piedmont include a

volumetric usage-based system support surcharge applicable to the New Facilities that will be subject to retroactive adjustment pursuant to a final order by the Commission in this proceeding. Finally, Piedmont stated that the Public Staff did not object to the requested interim authority.

6. On January 28, 2020, the Commission issued the Order Granting Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action (Interim Order), which authorized Piedmont to commence service to DEC at the Lincoln Plant under the rates and other terms set forth in the Second Revised Agreement. Such interim authority was effective on February 1, 2020, and shall end at midnight on April 30, 2020, unless it is extended by order of the Commission prior to its expiration. The Interim Order also required that the rates paid by DEC and received by Piedmont should be subject to retroactive adjustment if the Commission determines such an adjustment to be appropriate when the Commission takes final action on the Second Revised Agreement. The Interim Order also required that on or before March 16, 2020, the Public Staff file its final recommendations and a proposed order with the Commission in this docket, or place this matter on a Regular Staff Conference agenda, otherwise the Public Staff shall provide the Commission with a written report on the status of its review of the Second Revised Agreement no later than March 18, 2020.

7. On March 18, 2020, the Public Staff filed a status report indicating that it was finalizing its recommendations and proposed order, and anticipated that it should be able to make the filing in the near future.

8. On April 14, 2020, Piedmont filed a Motion for Extension of Authorization to Provide Service. On April 20, 2020, the Commission issued the Second Interim Order, which authorized Piedmont to operate under the Second Revised Agreement and required the Public Staff to file its final recommendation(s) and proposed order on or before June 1, 2020.

PUBLIC STAFF'S REVIEW

9. The Public Staff has reviewed the Second Revised Agreement and other information provided by Piedmont in response to Public Staff data requests pursuant to the parameters set forth in N.C.G.S. § 62-140, N.C.G.S. § 62-142, and N.C.G.S. § 62-153(b).

10. The Public Staff believes that the purpose of the volumetric rate component included in special and electric generation contracts is to provide recovery of costs related to existing local distribution company (LDC) infrastructure and operations and to prevent subsidization of the contract customer by the LDC's other customers. The special and electric generation contracts are typically negotiated, and may be structured with (a) a demand charge that recovers the plant investment required to serve the customer, (b) margin and fixed gas cost components, (c) other negotiated volumetric components that provide system contributions, or (d) other contributions resulting from the contract terms that result in a benefit to the system. The volumetric rate component should be comparable

with the type of volumetric contribution paid by both interruptible¹ and firm² tariffed transportation customers on the LDC's system.

11. In the current instance, the infrastructure costs to serve the existing facilities at the Lincoln Plant (Existing Facilities) have been fully recovered through a demand charge imposed under the Original Agreement that was approved in Docket No. G-9, Sub 491. Piedmont stated that the Original Agreement would simultaneously help preserve the reliability and affordability of electric service provided by DEC to North Carolina consumers and ensure that Piedmont's natural gas customers receive the load-leveling and margin benefits of this significant natural gas customer. The Original Agreement also provided for a **[BEGIN CONFIDENTIAL]** [REDACTED]

[REDACTED] **[END CONFIDENTIAL]** on the Piedmont system. Contrastingly, the Revised Agreement addressed **[BEGIN CONFIDENTIAL]** [REDACTED]

¹ "Service on an interruptible basis means that the capacity used to provide the service is subject to a prior claim by another customer or another class of service and receives a lower priority than such other classes of service." 18 C.F.R. § 284.9(a)(3) (2020).

² "Service on a firm basis means that the service is not subject to a prior claim by another customer or another class of service and receives the same priority as any other class of firm service." 18 C.F.R. § 284.7(a)(3) (2020).

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. [END CONFIDENTIAL] The

new pipeline facilities are designed to take delivery of [BEGIN CONFIDENTIAL]

[REDACTED]
[REDACTED]
[REDACTED]. [END

CONFIDENTIAL] The Revised Agreement also provided that [BEGIN
CONFIDENTIAL] [REDACTED]

[REDACTED]
[REDACTED]. [END

CONFIDENTIAL] The Public Staff had concerns and began discussions with the
Company due to the fact that the Revised Agreement [BEGIN CONFIDENTIAL]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. [END

CONFIDENTIAL] The Public Staff and Piedmont agreed to continue to work

together to determine the appropriate usage-based system support surcharges for the special contract and electric generation arrangements filed by Piedmont.

12. The Second Revised Agreement filed by Piedmont added a usage-based system support surcharge that was negotiated with DEC in order to address Public Staff concerns related to system contributions by the New Facilities. The Public Staff was not consulted regarding the specific methodology used by Piedmont to determine the usage-based system support surcharge prior to the filing of the Second Revised Agreement. Once the Second Revised Agreement was filed, and throughout 2019, the Public Staff sent data requests and reviewed the responses related to the new volumetric system support charge while discussions continued, including during the 2019 Rate Case. Based upon its investigation, the Public Staff found that the system support charge in the Second Revised Agreement **[BEGIN CONFIDENTIAL]** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED] . [END CONFIDENTIAL]

13. The Public Staff has concerns regarding the methodology chosen by Piedmont due to the fact that Piedmont has [BEGIN CONFIDENTIAL] [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] . [END
CONFIDENTIAL]

14. The Public Staff has continued to research and perform analyses on the methodology needed to determine the appropriate volumetric rate components for the New Facilities based on the type of electric generator – combined cycle (CC) or combustion turbine (CT), the amount of plant investment required, the volume levels, the nature of transportation service – firm or interruptible, the location of the electric generator, prior negotiated electric generation agreements, and prior bypass agreements that were approved by the Commission when there were issues of negotiated volumetric charges. The Public Staff has come to the following conclusions:

- a. A volumetric rate component should generally apply to all volumes flowing through the system to the electric generator when delivering gas on a firm or interruptible transportation basis; otherwise, the

volumetric charge has a greater risk of not providing adequate system support.

- b. The methodology for determining the volumetric system support charge for (i) electric generation customers and (ii) special contract customers, who tend to have contracts shorter in length and will be returning to tariff rates once the incremental plant investment is recovered, may need to be different.
- c. The volumetric system support component for a CT electric generator may be different from a CC electric generator, primarily due to the fact that CT electric generators are typically utilizing interruptible transportation. In our research, the Public Staff has found that negotiated CT electric generation agreements usually include **[BEGIN CONFIDENTIAL]** [REDACTED]
[REDACTED]
[REDACTED]. **[END CONFIDENTIAL]** This is consistent with the **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]**

³ Docket No. G-5, Sub 517, Natural Gas Redelivery Agreement between Public Service Company of North Carolina, Inc. and Southern Company Services, Inc., d/b/a Southern Power Company - North Carolina, Article VII, Section B. Order Allowing Agreement to Become Effective issued August 25, 2010.

Docket No. G-9, Sub 491, Gas Redelivery Agreement between Piedmont Natural Gas Company, Inc. and Duke Power, Article II, Section 2.01. Order Allowing Contract to Become Effective issued September 3, 2004.

Docket No. G-5, Sub 398, Transportation Service Agreement between Public Service Company of North Carolina, Inc. and Carolina Power & Light Company, Section IV(A)(ii). Order Allowing Contract to Become Effective and Approving Accounting Treatment issued May 23, 1999.

- e. The Commission in past cases has also had to make decisions based on bypass situations when a large transportation customer was in close proximity to the interstate pipeline. In a case involving Owens-Brockway Glass Container, Inc., and Piedmont (Docket No. G-9, Sub 395), the customer did not want to pay a tariff transportation rate to Piedmont to redeliver gas when it was so close in proximity to the interstate pipeline. In that case, the Commission found that the proposed bypass was probable and, therefore, ordered the parties to continue to negotiate until they came to an agreed upon rate. The final negotiated contract included a **[BEGIN CONFIDENTIAL]** [REDACTED]
- [REDACTED]
- [REDACTED]. **[END CONFIDENTIAL]**
- f. Using the filed per books Allocated Cost of Service Study and revenue data reflected in the 2019 Rate Case, as well as the contract terms of the Second Revised Agreement, the Public Staff determined the operating and maintenance expenses assigned to Rate Schedule 113 – Large General Transportation (Firm) Service customers and the assigned volumes by customer class updated for the contract O&M and volumes and calculated an O&M per dt rate for firm transportation service between \$0.09 per dt to \$0.05 per dt, utilizing reasonably representative load factors for the New Facilities.

- g. The Public Staff notes that the Commission has approved two other negotiated electric generation agreements⁵ in recent years prior to Piedmont filing the Second Revised Agreement. These electric generation agreements for [BEGIN CONFIDENTIAL] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[END CONFIDENTIAL] on the LDC's system. These [BEGIN CONFIDENTIAL] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [END CONFIDENTIAL] the Public Staff believes that electric generators on the Piedmont system are getting a better arrangement than they are getting on other LDC systems in the state.

15. The Public Staff has had discussions with Piedmont involving all of the points discussed above. Although Piedmont does not have access to the volumetric rates that electric generators are paying to other LDCs in North Carolina for firm and interruptible transportation volumes that are delivered to electric generation facilities, the Public Staff and the Commission both have access to the

⁵ See footnote 4.

rates. In our discussions with Piedmont, the Public Staff has attempted to explain to Piedmont how other types of electric generation agreements in North Carolina are structured without divulging the confidential nature of the terms in the other electric generation agreements.

PUBLIC STAFF'S RECOMMENDATIONS

16. Based on the foregoing, the Public Staff has determined that the terms of the Second Revised Agreement are not in accordance with the requirements of N.C.G.S. § 62-140 and N.C.G.S. § 62-153. The Public Staff recommends that Piedmont renegotiate with DEC for a **[BEGIN CONFIDENTIAL]**

[REDACTED]

[REDACTED] **[END CONFIDENTIAL]** as reflected in the Second Revised Agreement, for the following reasons:

- a. The New Facilities include a **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]** electric generation plant that will be utilizing **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]** transportation service on Piedmont's system.

- b. The **[BEGIN CONFIDENTIAL]** [REDACTED]

[REDACTED]

⁶ There have been two special contracts that the Public Staff recently recommended approval of and the Commission subsequently approved that **[BEGIN CONFIDENTIAL]** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] **[END CONFIDENTIAL]** The Public Staff further concluded that these special contracts were estimated to provide benefits that

██████████ [END CONFIDENTIAL] does not represent a reasonable level of system contributions due to the expected [BEGIN CONFIDENTIAL] ██████████ [END CONFIDENTIAL] transportation basis to the New Facilities, which creates more risk on the system.

- c. The Original Agreement for the Lincoln Plant, which has now been rolled into the Second Revised Agreement for the New Facilities, will continue to include a [BEGIN CONFIDENTIAL] ██████████ ██████████ [END CONFIDENTIAL] delivered to the Existing Facilities, but will now be delivered [BEGIN CONFIDENTIAL] ██████████ [END CONFIDENTIAL]
- d. Other [BEGIN CONFIDENTIAL] ██████████ [END CONFIDENTIAL] electric generation agreements in North Carolina include a [BEGIN CONFIDENTIAL] ██████████ [END CONFIDENTIAL] while other [BEGIN CONFIDENTIAL] ██████████ [END CONFIDENTIAL] electric generation agreements that involve [BEGIN CONFIDENTIAL] ██████████ ██████████ ██████████ ██████████

will flow to other ratepayers as determined in a fair and reasonable manner in a general rate case proceeding.

[REDACTED]. [END
CONFIDENTIAL]

- e. Even in a “bypass situation” where an industrial customer was located very close to an interstate pipeline, this Commission has concluded that a customer must pay a volumetric charge for transporting all volumes on Piedmont’s system.

17. To summarize, in this docket, Piedmont is proposing to [BEGIN
CONFIDENTIAL] [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] [END CONFIDENTIAL] and (b) is comparable to the volumetric pricing of other electric generators outside of Piedmont’s service territory, and (c) is generally a more reasonable and appropriate methodology

[BEGIN CONFIDENTIAL] [REDACTED]. [END CONFIDENTIAL] The Public Staff believes its recommendation is reasonable given the [BEGIN
CONFIDENTIAL] [REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]. [END CONFIDENTIAL] Unless Piedmont renegotiates with DEC as set out above, the Public Staff recommends that the Commission impute [BEGIN
CONFIDENTIAL] [REDACTED] [END

CONFIDENTIAL] for the New Facilities in Piedmont's future general rate case proceedings when determining end of period and proposed revenues. In addition, the Public Staff recommends that Piedmont should be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports.

18. The Public Staff recommends that the Commission issue the proposed order approving the Public Staff's recommendations, which is attached as Attachment A.

Respectfully submitted, this the 1st day of June, 2020.

PUBLIC STAFF

Christopher J. Ayers
Executive Director

Dianna W. Downey
Acting Chief Counsel

Electronically submitted
/s/ Elizabeth D. Culpepper
Staff Attorney
elizabeth.culpepper@psncuc.nc.gov

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4326 Mail Service Center
Raleigh, North Carolina 27699-4300
Telephone: (919) 733-6110

CERTIFICATE OF SERVICE

I do hereby certify that I have this day served a copy of the foregoing upon each of the parties of record in this proceeding or their attorneys of record by emailing them an electronic copy or by causing a paper copy of the same to be hand-delivered or deposited in the United States Mail, postage prepaid, properly addressed to each.

This the 1st day of June, 2020.

Electronically submitted
/s/ Elizabeth D. Culpepper

ATTACHMENT A

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-9, SUB 722

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Consolidated Natural Gas Construction and) ORDER ALLOWING
Redelivery Services Agreement Between) AGREEMENT TO
Piedmont Natural Gas Company, Inc., and) BECOME EFFECTIVE
Duke Energy Carolinas, LLC)

BY THE COMMISSION: On July 26, 2004, in Docket No. G-9, Sub 491, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application for approval of a multi-year Gas Redelivery Agreement (Original Agreement) between Piedmont and Duke Power Company, the predecessor of Duke Energy Carolinas, LLC (DEC). In summary, the Original Agreement set the rates and terms by which Piedmont proposed to provide natural gas redelivery service to DEC's Lincoln County Combustion Turbine Facility (Lincoln Plant). On August 30, 2004, the Public Staff presented the Original Agreement to the Commission as an agenda item during a Regular Staff Conference and recommended that the Commission approve the Original Agreement, which was approved by the Commission on September 3, 2004.

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Order resulted in DEC and Piedmont becoming affiliates of one another, with contracts between DEC and Piedmont thus being subject to the requirements of N.C. Gen. Stat. § 62-153.

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The Public Staff reviewed the proposed Revised Agreement and raised several concerns with Piedmont, particularly with respect to the degree of system contribution provided for by the agreed rates set forth in the Revised Agreement. On November 16, 2018, Piedmont filed a revised Consolidated Natural Gas Construction and Redelivery Services Agreement (Second Revised Agreement) between Piedmont and DEC. Piedmont stated that the Second Revised Agreement added a usage-based system support surcharge that was renegotiated with DEC in order to address the Public Staff's concerns related to system contributions by the New Facilities. Piedmont requested that the Second Revised Agreement be substituted in its entirety for the previously filed

Revised Agreement and that the Commission approve the Second Revised Agreement at its earliest convenience.

On January 10, 2020, Piedmont filed a Request for Authorization to Commence Service. Piedmont summarized the Public Staff's investigation and stated that it engaged with the Public Staff in discussions about the utilization of usage-based system support charges for special contract arrangements as reflected in the Stipulation in Piedmont's last general rate case in Docket No. G-9, Sub 743 (2019 Rate Case), and that those discussions were continuing. Piedmont further stated that it had been advised that DEC will require service to the New Facilities beginning February 1, 2020, and that Piedmont is physically able and willing to provide such service as requested by DEC since Piedmont proceeded with construction of those facilities notwithstanding the ongoing nature of discussions with the Public Staff about the appropriate rates for service through such facilities to provide such service as requested by DEC. Piedmont requested that the Commission authorize the commencement of incremental service to the Lincoln Plant effective February 1, 2020, on an interim basis, at the rates reflected in the Second Revised Agreement, which according to Piedmont include a volumetric usage-based system support surcharge applicable to the New Facilities that will be subject to retroactive adjustment pursuant to a final order by the Commission in this proceeding. Finally, Piedmont stated that the Public Staff did not object to the requested interim authority.

On January 28, 2020, the Commission issued the Order Granting Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action (Interim

Order), which authorized Piedmont to commence service to DEC at the Lincoln Plant under the rates and other terms set forth in the Second Revised Agreement. Such interim authority was effective on February 1, 2020, and shall end at midnight on April 30, 2020, unless it is extended by order of the Commission prior to its expiration. The Interim Order also required that the rates paid by DEC and received by Piedmont should be subject to retroactive adjustment if the Commission determines such an adjustment to be appropriate when the Commission takes final action on the Second Revised Agreement. The Interim Order also required that on or before March 16, 2020, the Public Staff file its final recommendations and a proposed order with the Commission in this docket, or place this matter on a Regular Staff Conference agenda, otherwise the Public Staff shall provide the Commission with a written report on the status of its review of the Second Revised Agreement no later than March 18, 2020.

On March 18, 2020, the Public Staff filed a status report indicating that it was finalizing its recommendations and proposed order, and anticipated that it should be able to make the filing in the near future.

On April 14, 2020, Piedmont filed a Motion for Extension of Authorization to Provide Service. On April 20, 2020, the Commission issued the Order Granting Extension of Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action issued in this docket on April 20, 2020 (Second Interim Order), which authorized Piedmont to operate under the Second Revised Agreement and required the Public Staff to file its final recommendation(s) and proposed order on or before June 1, 2020.

On June 1, 2020, the Public Staff filed its Recommendations and Proposed Order in accordance with the Second Interim Order (Public Staff Recommendations). The Public Staff stated that it had reviewed the Agreement and other information provided by Piedmont in response to Public Staff data requests. Based on its investigation, the Public Staff determined that the terms of the Second Revised Agreement are not in accordance with the requirements of N.C.G.S. § 62-140 and N.C.G.S. § 62-153. The Public Staff recommended that the Commission issue an order requiring Piedmont to renegotiate with DEC as set forth in the Public Staff Recommendations. The Public Staff also recommended that if Piedmont does not renegotiate with DEC, that the Commission make an appropriate imputation in Piedmont's future general rate case proceedings when determining end of period and proposed revenues. In addition, the Public Staff recommended that Piedmont should be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports.

The Commission, having carefully reviewed the Second Revised Agreement between Piedmont and the Customer, and the Public Staff Recommendations concludes that the terms of the Second Revised Agreement are not in accordance with the requirements of N.C.G.S. § 62-140 and N.C.G.S. § 62-153. Accordingly, the Commission finds good cause to order Piedmont to either renegotiate with DEC or make an appropriate imputation in Piedmont's future general rate case proceedings when determining end of period and proposed revenues. The Commission also finds that Piedmont should be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports.

IT IS, THEREFORE, ORDERED as follows:

1. That, Piedmont shall renegotiate with DEC or agree to make the appropriate imputation in its future general rate case proceedings when determining end of period and proposed revenues as set forth in the Public Staff Recommendations.

2. The Piedmont shall be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports as set forth in the Public Staff Recommendations.

3. That Piedmont is hereby authorized to continue to provide natural gas service to the Customer on an interim basis pursuant to the Second Interim Order.

4. That, on or before thirty days from the date of this Order, Piedmont shall make a filing with the Commission advising whether it will renegotiate with DEC or will agree to make the appropriate imputation in its future general rate case proceedings when determining end of period and proposed revenues.

ISSUED BY ORDER OF THE COMMISSION

This the ____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

Public Staff

Confidential Perry Exhibit IV

Docket No. G-9, Subs 722, 781 & 786

CONFIDENTIAL



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

June 24, 2020

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. G-9, Sub 722

Dear Ms. Campbell:

Subsequent to the Public Staff's filing of its recommendations in this docket on June 1, 2020, the Public Staff learned that corrections needed to be made to the filing. The Public Staff is transmitting herewith for filing public and confidential versions of corrected pages 6, 7, 11, and 15, as well as a revised proposed order reflecting this filing.

By copy of this letter, I am forwarding a copy of the redacted version to all parties of record by electronic delivery. The confidential version will be provided to those parties that have entered into a confidentiality agreement.

Sincerely,

Electronically submitted
/s/ Elizabeth D. Culpepper
Staff Attorney
elizabeth.culpepper@psncuc.nc.gov

Attachments

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Aug 24 2020

with the type of volumetric contribution paid by both interruptible¹ and firm² tariffed transportation customers on the LDC's system.

11. In the current instance, the infrastructure costs to serve the existing facilities at the Lincoln Plant (Existing Facilities) have been fully recovered through a demand charge imposed under the Original Agreement that was approved in Docket No. G-9, Sub 491. Piedmont stated that the Original Agreement would simultaneously help preserve the reliability and affordability of electric service provided by DEC to North Carolina consumers and ensure that Piedmont's natural gas customers receive the load-leveling and margin benefits of this significant natural gas customer. The Original Agreement also provided for a **[BEGIN CONFIDENTIAL]** [REDACTED]

[REDACTED] **[END CONFIDENTIAL]** on the Piedmont system. Contrastingly, the Revised Agreement addressed **[BEGIN CONFIDENTIAL]** [REDACTED]

¹ "Service on an interruptible basis means that the capacity used to provide the service is subject to a prior claim by another customer or another class of service and receives a lower priority than such other classes of service." 18 C.F.R. § 284.9(a)(3) (2020).

² "Service on a firm basis means that the service is not subject to a prior claim by another customer or another class of service and receives the same priority as any other class of firm service." 18 C.F.R. § 284.7(a)(3) (2020).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]. [END CONFIDENTIAL] The new pipeline facilities are designed to take delivery of [BEGIN CONFIDENTIAL]

[REDACTED]

[REDACTED]

[REDACTED]. [END

CONFIDENTIAL] The Revised Agreement also provided that [BEGIN CONFIDENTIAL] [REDACTED]

[REDACTED]

[REDACTED]. [END

CONFIDENTIAL] The Public Staff had concerns and began discussions with the Company due to the fact that the Revised Agreement [BEGIN CONFIDENTIAL]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]. [END CONFIDENTIAL] The Public Staff and Piedmont agreed to continue to work

per year, [END CONFIDENTIAL] does not represent a reasonable level of system contributions due to the expected [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] transportation basis to the New Facilities, which creates more risk on the system.

- c. The Original Agreement for the Lincoln Plant, which has now been rolled into the Second Revised Agreement for the New Facilities, will continue to include a [BEGIN CONFIDENTIAL] [REDACTED] [REDACTED] [END CONFIDENTIAL] delivered to the Existing Facilities, ~~but will now be delivered~~ [BEGIN CONFIDENTIAL] [REDACTED] [REDACTED] . [END CONFIDENTIAL]
- d. Other [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] electric generation agreements in North Carolina include a [BEGIN CONFIDENTIAL] [REDACTED] [REDACTED] [END CONFIDENTIAL] while other [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] electric generation agreements that involve [BEGIN CONFIDENTIAL] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

will flow to other ratepayers as determined in a fair and reasonable manner in a general rate case proceeding.

ATTACHMENT A

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-9, SUB 722

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Consolidated Natural Gas Construction and) ORDER ALLOWING
Redelivery Services Agreement Between) AGREEMENT TO
Piedmont Natural Gas Company, Inc., and) BECOME EFFECTIVE
Duke Energy Carolinas, LLC)

BY THE COMMISSION: On July 26, 2004, in Docket No. G-9, Sub 491, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application for approval of a multi-year Gas Redelivery Agreement (Original Agreement) between Piedmont and Duke Power Company, the predecessor of Duke Energy Carolinas, LLC (DEC). In summary, the Original Agreement set the rates and terms by which Piedmont proposed to provide natural gas redelivery service to DEC's Lincoln County Combustion Turbine Facility (Lincoln Plant). On August 30, 2004, the Public Staff presented the Original Agreement to the Commission as an agenda item during a Regular Staff Conference and recommended that the Commission approve the Original Agreement, which was approved by the Commission on September 3, 2004.

On September 29, 2016, in Docket Nos. E-2, Sub 1095, E-7, Sub 1100, and G-9, Sub 682, the Commission issued an Order Approving Merger Subject to Regulatory Conditions and Code of Conduct (Merger Order), approving the merger of Piedmont and Duke Energy Corporation, the parent company of DEC. Among other things, the Merger

Order resulted in DEC and Piedmont becoming affiliates of one another, with contracts between DEC and Piedmont thus being subject to the requirements of N.C. Gen. Stat. § 62-153.

On April 23, 2018, pursuant to N.C.G.S. § 62-153(b), Piedmont filed with the Commission in the instant docket a form of Consolidated Natural Gas Construction and Redelivery Services Agreement related to the construction of new incremental natural gas facilities (New Facilities) and the provision of additional redelivery service by Piedmont to DEC at the Lincoln Plant and Customer's agreement to pay special contract rates and to guarantee certain margin recoveries by Piedmont to cover the costs of such service (Revised Agreement). Piedmont stated that the Revised Agreement consolidated, superseded, and expanded upon DEC's and Piedmont's rights and responsibilities under the Original Agreement for services at the Lincoln Plant.

The Public Staff reviewed the proposed Revised Agreement and raised several concerns with Piedmont, particularly with respect to the degree of system contribution provided for by the agreed rates set forth in the Revised Agreement. On November 16, 2018, Piedmont filed a revised Consolidated Natural Gas Construction and Redelivery Services Agreement (Second Revised Agreement) between Piedmont and DEC. Piedmont stated that the Second Revised Agreement added a usage-based system support surcharge that was renegotiated with DEC in order to address the Public Staff's concerns related to system contributions by the New Facilities. Piedmont requested that the Second Revised Agreement be substituted in its entirety for the previously filed

Revised Agreement and that the Commission approve the Second Revised Agreement at its earliest convenience.

On January 10, 2020, Piedmont filed a Request for Authorization to Commence Service. Piedmont summarized the Public Staff's investigation and stated that it engaged with the Public Staff in discussions about the utilization of usage-based system support charges for special contract arrangements as reflected in the Stipulation in Piedmont's last general rate case in Docket No. G-9, Sub 743 (2019 Rate Case), and that those discussions were continuing. Piedmont further stated that it had been advised that DEC will require service to the New Facilities beginning February 1, 2020, and that Piedmont is physically able and willing to provide such service as requested by DEC since Piedmont proceeded with construction of those facilities notwithstanding the ongoing nature of discussions with the Public Staff about the appropriate rates for service through such facilities to provide such service as requested by DEC. Piedmont requested that the Commission authorize the commencement of incremental service to the Lincoln Plant effective February 1, 2020, on an interim basis, at the rates reflected in the Second Revised Agreement, which according to Piedmont include a volumetric usage-based system support surcharge applicable to the New Facilities that will be subject to retroactive adjustment pursuant to a final order by the Commission in this proceeding. Finally, Piedmont stated that the Public Staff did not object to the requested interim authority.

On January 28, 2020, the Commission issued the Order Granting Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action (Interim

Order), which authorized Piedmont to commence service to DEC at the Lincoln Plant under the rates and other terms set forth in the Second Revised Agreement. Such interim authority was effective on February 1, 2020, and shall end at midnight on April 30, 2020, unless it is extended by order of the Commission prior to its expiration. The Interim Order also required that the rates paid by DEC and received by Piedmont should be subject to retroactive adjustment if the Commission determines such an adjustment to be appropriate when the Commission takes final action on the Second Revised Agreement. The Interim Order also required that on or before March 16, 2020, the Public Staff file its final recommendations and a proposed order with the Commission in this docket, or place this matter on a Regular Staff Conference agenda, otherwise the Public Staff shall provide the Commission with a written report on the status of its review of the Second Revised Agreement no later than March 18, 2020.

On March 18, 2020, the Public Staff filed a status report indicating that it was finalizing its recommendations and proposed order, and anticipated that it should be able to make the filing in the near future.

On April 14, 2020, Piedmont filed a Motion for Extension of Authorization to Provide Service. On April 20, 2020, the Commission issued the Order Granting Extension of Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action issued in this docket on April 20, 2020 (Second Interim Order), which authorized Piedmont to operate under the Second Revised Agreement and required the Public Staff to file its final recommendation(s) and proposed order on or before June 1, 2020.

On June 1, 2020, the Public Staff filed its Recommendations and Proposed Order in accordance with the Second Interim Order (Public Staff Recommendations). The Public Staff stated that it had reviewed the Agreement and other information provided by Piedmont in response to Public Staff data requests. Based on its investigation, the Public Staff determined that the terms of the Second Revised Agreement are not in accordance with the requirements of N.C.G.S. § 62-140 and N.C.G.S. § 62-153. The Public Staff recommended that the Commission issue an order requiring Piedmont to renegotiate with DEC as set forth in the Public Staff Recommendations. The Public Staff also recommended that if Piedmont does not renegotiate with DEC, that the Commission make an appropriate imputation in Piedmont's future general rate case proceedings when determining end of period and proposed revenues. In addition, the Public Staff recommended that Piedmont should be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports.

On June 24, 2020, the Public Staff filed corrections to pages 6, 7, 11, and 15 of the Public Staff Recommendations, as well as a revised proposed order.

The Commission, having carefully reviewed the Second Revised Agreement between Piedmont and the Customer, and the Public Staff Recommendations as corrected concludes that the terms of the Second Revised Agreement are not in accordance with the requirements of N.C.G.S. § 62-140 and N.C.G.S. § 62-153. Accordingly, the Commission finds good cause to order Piedmont to either renegotiate with DEC or make an appropriate imputation in Piedmont's future general rate case proceedings when determining end of period and proposed revenues. The Commission

also finds that Piedmont should be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports.

IT IS, THEREFORE, ORDERED as follows:

1. That, Piedmont shall renegotiate with DEC or agree to make the appropriate imputation in its future general rate case proceedings when determining end of period and proposed revenues as set forth in the Public Staff Recommendations as corrected.

2. The Piedmont shall be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports as set forth in the Public Staff Recommendations as corrected.

3. That Piedmont is hereby authorized to continue to provide natural gas service to the Customer on an interim basis pursuant to the Second Interim Order.

4. That, on or before thirty days from the date of this Order, Piedmont shall make a filing with the Commission advising whether it will renegotiate with DEC or will agree to make the appropriate imputation in its future general rate case proceedings when determining end of period and proposed revenues.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

Public Staff

Confidential Perry Exhibit VI

Docket No. G-9, Subs 722, 781 & 786

CONFIDENTIAL

**RESPONSES TO COMMISSION QUESTIONS
IN ATTACHMENT A TO ITS
ORDER CONSOLIDATING DOCKETS AND
REQUIRING FILING OF TESTIMONY
ISSUED MARCH 16, 2021**

1. On June 1, 2020,¹ the Public Staff filed its recommendations and proposed order in the current docket. Paragraph 10 of the proposed order² states that the Public Staff believes that the purpose of the volumetric rate component included in special and electric generation contracts is to provide recovery of costs related to existing LDC infrastructure and operations and to prevent subsidization of the contract customer by the LDC's other customers. In light of this statement, provide:

- a. Detailed information regarding the rationale that supports the purpose of the volumetric rate component as the main factor that helps in cost recovery of the existing LDC infrastructure and operations; and

Response: [BEGIN CONFIDENTIAL]

[END CONFIDENTIAL]

- b. In the absence of a volumetric rate, provide the calculations and the assumptions used to calculate the subsidy that DEC's New Facilities would receive.

Response: [BEGIN CONFIDENTIAL]

¹ On June 24, 2020, the Public Staff filed corrected pages 6, 7, 11, and 15 to the recommendations it filed on June 1, 2020, as well as a revised proposed order reflecting the filing.

² The reference to Paragraph 10 of the proposed order is incorrect. The correct reference is Paragraph 10 of the Public Staff's recommendations.

[REDACTED]
[END CONFIDENTIAL]

2. With the data already provided by Piedmont in Docket No. G-9, Sub 722 and supplemental testimony/exhibits in Docket No. G-9 Sub 781; is it possible for Public Staff to design cost of service based fixed demand rate and volumetric rate for DEC's New Facilities?

Response: Yes.

- a. If yes, calculate the cost-based volumetric rate and provide the calculations and assumptions used; and

Response: Please see calculations shown on CONFIDENTIAL Attachment A that reflect the Company's contract demand charge and the volumetric charge recommended by the Public Staff, as well as the price-out for Rate Schedule 113 using the same volumes levels.

- b. If no, provide a copy of any additional data requested from Piedmont to calculate the cost-based demand and volumetric rates. Provide the calculations and the methodology used to calculate the rate.

Response: No answer required.

3. Does the Public Staff believe that it is appropriate for [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]? Provide a detailed explanation supporting your response.

Response: [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL].

4. Among [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] sites that have negotiated rates, please explain why only [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] have facilities volumetric rates.

Response: Because the [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL], the Public Staff is not currently able to respond to this question. [BEGIN

CONFIDENTIAL [REDACTED] **[END CONFIDENTIAL]**, the
Public Staff will strive to answer the question.

[illegible][illegible]

Figure 1: Schematic representation of the experimental design. The figure is divided into two main sections: 'Pretest' and 'Main Experiment'. The 'Pretest' section shows a participant in a car seat with a steering wheel, a 'Pretest' box, and a 'Pretest' screen. The 'Main Experiment' section shows a participant in a car seat with a steering wheel, a 'Main Experiment' box, and a 'Main Experiment' screen. The 'Main Experiment' box is divided into two parts: 'Main Experiment' and 'Main Experiment'.

■ [REDACTED]

Public Staff

Confidential Perry Exhibit VIII

Docket No. G-9, Subs 722, 781 & 786

CONFIDENTIAL