Schedule 1

Piedmont Natural Gas Company
South Carolina Operations
Net Operating Income and Rate of Return
For the Twelve Months Ended March 31, 2006
Docket No. 2005-125-G

		(1) Per Regularory Books	(2) Accounting and Pro Forma Adjustments	(3) After Accounting and Pro Forma Adjustments	(4) Adjustments for Proposed Margin Increase	(5) Adjustments for Demand Cost Under-Recovery	(6) Total After Proposed Rates
	Operating Revenues						
1	Sale and Transportation of Gas	$ 218,315,544	$ (8,157,553) (1)	$ 210,157,991	$ 5,676,136 (11)	$ 857,749 (16)	$ 216,691,876
2	Other Operating Revenues	858,857	0	858,857			858,857
3	Total Operating Revenues	219,174,401	(8,157,553)	211,016,848	5,676,136	857,749	217,550,733
	Operating Expenses						
4	Cost of Gas	151,604,313	(12,904,079) (2)	138,700,234		853,351 (17)	139,553,585
5	Operations and Maintenance	30,462,587	185,455 (3)	30,648,042	29,103 (12)	4,398 (18)	30,681,543
6	Depreciation	10,819,056	630,075 (4)	11,449,131			11,449,131
7	General Taxes	6,521,305	93,909 (5)	6,615,214			6,615,214
8	State Income Taxes	61,749	842,383 (6)	904,132	282,352 (13)		1,186,484
9	Federal Income Taxes	4,920,414	1,068,713 (7)	5,989,127	1,877,638 (14)		7,866,765
10	Amortization of Investment Tax Credits	(60,805)		(60,805)			(60,805)
11	**Total Operating Expenses**	204,328,619	(10,083,544)	194,245,075	2,189,093	857,749	197,291,917
12	**Net Operating Income**	14,845,782	1,925,991	16,771,773	3,487,043	0	20,258,816
13	Interest on Customers' Deposits	(110,391)		(110,391)			(110,391)
14	Amortization of Debt Redemption Premium	(14,339)	(534) (8)	(14,873)			(14,873)
15	Allowance for Funds Used During Construction	460,324		460,324			460,324
16	Customer Growth	63,362	8,282 (9)	71,644	14,994 (15)		86,638
17	**Net Operating Income for Return**	$ 15,244,738	$ 1,933,739	$ 17,178,477	$ 3,502,037	$ 0	$ 20,680,514
	Original Cost Rate Base:						
18	Plant in Service	$ 344,615,411	$	$ 344,615,411			$ 344,615,411
19	Accumulated Depreciation	(124,515,520)		(124,515,520)			(124,515,520)
20	Net Plant in Service	220,099,891		220,099,891			220,099,891
	Add:						
21	Construction Work in Progress	9,349,299		9,349,299			9,349,299
22	Materials and Supplies	21,006,145	9,583 (19)	21,015,728			21,015,728
23	Cash Working Capital	5,596,092	(2,940,251) (10)	2,655,841			2,655,841
	Deduct:						
24	Customers' Advances	3,599		3,599			3,599
25	Customers' Deposits	3,441,239		3,441,239			3,441,239
26	Accumulated Deferred Income Taxes	31,058,898		31,058,898			31,058,898
27	Unclaimed Funds	373,722		373,722			373,722
28	**Original Cost Rate Base:**	$ 221,173,969	$ (2,930,668)	$ 218,243,301			$ 218,243,301
29	**Rate of Return**	6.89%		7.87%			9.48%
	Return on Equity	6.94%		8.55%			11.20%

Schedule 2

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2006
Docket No. 2005-125-G

Line No.		Description	Per Piedmont	Per ORS
1		**Operating Revenues - Sale and Transportation of Gas**		
		Piedmont proposes to decrease revenues to the going-level basis. ORS agrees with this adjustment	$ (8,157,553)	$ (8,157,553)
		Total Operating Revenues - Sale and Transportation of Gas	$ (8,157,553)	$ (8,157,553)
2		**Cost of Gas**		
		Piedmont proposes to decrease cost of gas to the going-level basis. ORS agrees with this adjustment	$ (12,904,079)	$ (12,904,079)
		Total Cost of Gas	$ (12,904,079)	$ (12,904,079)
3		**Operations and Maintenance Expenses**		
	a.	Piedmont and ORS propose to increase payroll costs to the going-level basis. The Company and ORS annualized the actual salaries and wages expense at March 31, 2006. The Company and ORS's calculation disallows officer salary increases during the test period in conformance with PSC Order No. 2002-761, November 1, 2002	$ 760,993	$ 760,993
	b.	Piedmont and ORS propose to decrease expenses for the Salary and Payroll Investment Plans. The Plan allows participants to defer a portion of their base salary, and the Company matches a portion of the participant's contribution. .	(6,404)	(6,404)
	c.	Piedmont and ORS propose to correct pension costs included in the Original Filing.	(41,068)	(127,483)
	d.	Piedmont and ORS propose to adjust uncollectible gas cost expense. ORS has recalculated this adjustment utilizing the method recently approved in Docket No. 2006-4-G, Order No. 2006-------, dated ----------, 2006. This removes uncollectible gas cost expense from base rates and records the amount in account # 253.04.	497,551	(370,192)
	f.	Piedmont and ORS propose to decrease expenses for allocations to non-utility activities.	(22,803)	(22,803)
	g.	Piedmont and ORS propose to increase expenses for the Long-Term Incentive Plan..	12,557	12,557
	h.	Piedmont and ORS propose to decrease expenses for the Short-Term Incentive Plan. ORS agrees with this adjustment.	(87,984)	(87,984)
	i.	Piedmont and ORS proposes to decrease expenses for the MVP Incentive Plan.	(14,390)	(14,390)
	j.	Piedmont and ORS propose to increase expenses for group insurance for projected costs increases.	42,726	42,726
	k.	Piedmont and ORS propose to increase expenses for the Piedmont Town Center lease.	159,882	159,882
	l.	Piedmont and ORS propose to decrease expenses for the South Carolina assessment fee.	(28,771)	(28,771)
	m.	Piedmont and ORS propose to decrease expenses for the expenses not allowable for ratemaking purposes.	(132,676)	(132,676)
		Total Operations and Maintenance Expense	$ 1,139,613	$ 185,455

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Twelve Months Ended March 31, 2006
Docket No. 2005-125-G

Line No.		Description	Per Piedmont	Per ORS
4		**Depreciation Expense**		
		Piedmont and ORS propose to increase depreciation expense to the going-level basis using recently completed depreciation study rates.	$ 630,075	$ 630,075
		Total Depreciation Expense	$ 630,075	$ 630,075
5		**General Taxes**		
	a.	Piedmont and ORS propose to increase property taxes to the going-level basis.	$ 22,651	$ 22,651
	b.	Piedmont and ORS propose to adjust payroll tax expense.	369,304	127,139
	c.	Piedmont and ORS propose to decrease franchise taxes to the going-level basis.	(63,102)	(63,102)
	d.	Piedmont and ORS propose to increase other taxes to the going-level basis.	7,221	7,221
		Total General Taxes	$ 336,074	$ 93,909
6		**State Income Taxes**		
		Piedmont and ORS propose to adjust state income taxes (rate of 5%) to reflect the impact on income of accounting and proforma adjustments.	$ 778,444	$ 842,383
		Total State Income Taxes	$ 778,444	$ 842,383
7		**Federal Income Taxes**		
		Piedmont and ORS propose to adjust federal income taxes (rate of 35%) to reflect the impact on income of accounting and proforma adjustments.	$ 643,515	$ 1,068,713
		Total Federal Income Taxes	$ 643,515	$ 1,068,713
8		**Amortization of Debt Redemption Premium**		
		Piedmont and ORS propose to decrease net operating income for amortization of debt redemption premium.	$ (534)	$ (534)
		Total Amortization of Debt Redemption Premium	$ (534)	$ (534)
9		**Customer Growth**		
		Piedmont and ORS propose to increase net operating income to reflect anticipated customer growth (rate of .43%) following the adjustments to operating revenues and expenses.	$ 5,241	$ 8,282
		Total Customer Growth	$ 5,241	$ 8,282

Schedule 2

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2006
Docket No. 2005-125-G

Line No.		Description	Per Piedmont	Per ORS
10		**Cash Working Capital**		
	a.	ORS proposes to reduce cash working capital to reflect the effect on operating expenses of tax accruals associated with accumulated deferred income taxes.	-	(2,963,433)
	b	Piedmont and ORS propose to increase cash working capital following the pro forma adjustments to operation, and maintenance expenses (rate of 12.5%) as reflected in the Original Filing.	142,452	23,182
		Total Cash Working Capital	$ 142,452	$ (2,940,251)
11		**Operating Revenues - Sale and Transportation of Gas**		
		Piedmont and ORS propose to increase revenues from the sale and transportation of gas for proposed margin increase before demand cost under-recovery. ORS has recalculated this adjustment utilizing all ORS adjustments to Piedmont's RSA filing.	$ 10,387,852	$ 5,676,136
		Total Operating Revenues - Sale and Transportation of Gas	$ 10,387,852	$ 5,676,136
12		**Operations and Maintenance Expenses**		
	a.	Piedmont and ORS propose to increase the provision for uncollectible accounts (rate of .21272%) following the adjustments to operating revenues.	$ $64,989	$ 12,075
	b.	Piedmont and ORS propose to increase the utility license fee (rate of .30%) following the adjustments to operating revenues.	30,969	16,992
		Total Operations and Maintenance Expenses	$ $95,958	$ $29,067
13		**State Income Taxes**		
		Piedmont and ORS propose to adjust state income taxes (rate of 5%) to reflect the impact on income of adjustments to operating revenues and expenses.	$ 514,595	$ 282,353
		Total State Income Taxes	$ 514,595	$ 282,353
14		**Federal Income Taxes**		
		Piedmont and ORS propose to adjust federal income taxes (rate of 35%) to reflect the impact on income of adjustments to operating revenues and expenses.	$ 3,422,055	$ 1,877,650
		Total Federal Income Taxes	$ 3,422,055	$ 1,877,650
15		**Customer Growth**		
		Piedmont and ORS propose to increase net operating income to reflect anticipated customer growth (rate of .43%) following the adjustments to operating revenues and expenses. ORS has recalculated this adjustment following adjustments to O&M expenses and income taxes, as explained above.	$ $27,328	$ 14,994
		Total Customer Growth	$ $27,328	$ 14,994

Schedule 2

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2006
Docket No. 2005-125-G

Line No.		Description	Per Piedmont	Per ORS
16		**Operating Revenues - Sale and Transportation of Gas**		
		Piedmont and ORS propose to increase revenue requirement for the sale and transportation of gas associated with the demand cost under-recovery.	$ $861,234	$ 857,721
		Total Operating Revenues - Sale and Transportation of Gas	$ $861,234	$ 857,721
17		**Cost of Gas**		
		Piedmont and ORS propose to increase cost of gas for the demand cost under-recovery using a demand cost allocation factor of 16.16%, based upon the most recent design day study.	$ $853,351	$ 853,351
		Total Cost of Gas	$ $853,351	$ 853,351
18		**Operations and Maintenance Expenses**		
	a.	Piedmont and ORS propose to increase the provision for uncollectible accounts (rate of .21272%) following the adjustment to operating revenues.	$ 5,339	$ 1,815
	b.	Piedmont and ORS propose to increase the utility license fee (rate of .30%) following the adjustments to operating revenues.	2,544	2,555
		Total Operations and Maintenance Expenses	$ 7,883	$ 4,370
		Materials and Supplies		
19		ORS proposes to adjust storage inventory vales to correct Piedmont's calculations included in the Original filing.	$ 0	$ 9,583
		Total Materials and Supplies	$ 0	$ 9,583

Schedule 3

Piedmont Natural Gas Company
South Carolina Operations
Weighted Cost of Capital
As of March 31, 2006
Docket No. 2005-125-G

			Regulatory Per Books				As Adjusted				After Proposed Increase			
Description	Capital Structure	Ratio	Base Rate	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Net Operating Income
Long-Term Debt	620,360,494	39.35%	87,040,405	6.82%	2.68%	5,935,285	85,887,075	6.82%	2.68%	5,856,640	85,887,075	6.82%	2.68%	5,856,640
Common Equity	956,006,163	60.65%	134,133,564	6.94%	4.21%	9,309,453	132,356,226	8.55%	5.19%	11,321,838	132,356,226	11.20%	6.79%	14,823,874
Total	1,576,366,657	100.00%	221,173,969		6.89%	15,244,738	218,243,301		7.87%	17,178,477	218,243,301		9.48%	20,680,514