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Schedule 1

Piedmont Natural Gas Company
South Carolina Operations
Net Operating Income and Rate of Return
For the Twelve-Month Period Ended March 31, 2017
Docket No. 2017-7-G

		(1) Per Regulatory Books	(2) ORS Accounting and Pro Forma Adjustments		(3) ORS As Adjusted	(4) Adjustments for Proposed Margin Increase		(5) Adjustments for Demand Cost Under(Over) Recovery		(6) Total After Proposed Rates
	Operating Revenues									
1	Sale and Transportation of Gas	$ 123,966,370	$ 16,518,828	(1)	$ 140,485,198	$ 11,765,000	(11)	$ 329,357	(17)	$ 152,579,555
2	Other Operating Revenues	744,597	0		744,597	0		0		744,597
3	Total Operating Revenues	124,710,967	16,518,828		141,229,795	11,765,000		329,357		153,324,152
	Operating Expenses									
4	Cost of Gas	48,791,277	15,276,977	(2)	64,068,254	0		326,609	(18)	64,394,863
5	Operations and Maintenance	35,997,654	(5,564,088)	(3)	30,433,566	36,988	(12)	1,035	(19)	30,471,589
6	Depreciation	12,517,121	(20,145)	(4)	12,496,976	0		0		12,496,976
7	General Taxes	6,158,047	781,170	(5)	6,939,217	61,175	(13)	1,713	(20)	7,002,105
8	State Income Taxes	263,334	781,143	(6)	1,044,477	583,342	(14)	0		1,627,819
9	Federal Income Taxes	3,416,773	3,528,998	(7)	6,945,771	3,879,223	(15)	0		10,824,994
10	Amortization of Investment Tax Credits	(19,897)	0		(19,897)	0		0		(19,897)
11	**Total Operating Expenses**	107,124,309	14,784,055		121,908,364	4,560,728		329,357		126,798,449
12	**Net Operating Income**	17,586,658	1,734,773		19,321,431	7,204,272		0		26,525,703
13	Interest on Customers' Deposits	(80,836)	0		(80,836)	0		0		(80,836)
14	Amortization of Debt Redemption Premium	0	0	(8)	0	0		0		0
15	Allowance for Funds Used During Construction	352,780	0		352,780	0		0		352,780
16	Customer Growth	121,348	11,970	(9)	133,318	49,709	(16)	0		183,027
17	**Net Operating Income for Return**	$ 17,979,950	$ 1,746,743		$ 19,726,693	$ 7,253,981		$ 0		$ 26,980,674
	Rate Base:									
18	Plant in Service	$ 532,919,506	$ 0		$ 532,919,506					$ 532,919,506
19	Accumulated Depreciation	(219,848,266)	0		(219,848,266)					(219,848,266)
20	Net Plant in Service	313,071,240	0		313,071,240					313,071,240
	Add:									
21	Construction Work in Progress	53,837,605	0		53,837,605					53,837,605
22	Materials and Supplies	6,874,989	0		6,874,989					6,874,989
23	Cash Working Capital	5,043,672	(753,863)	(10)	4,289,809					4,289,809
	Deduct:									
24	Customers' Advances	0	0		0					0
25	Customers' Deposits	2,165,671	0		2,165,671					2,165,671
26	Accumulated Deferred Income Taxes	71,735,436	0		71,735,436					71,735,436
27	Unclaimed Funds	95,348	0		95,348					95,348
28	**Total Rate Base:**	$ 304,831,051	$ (753,863)		$ 304,077,188					$ 304,077,188
29	**Rate of Return**	5.90%			6.49%					8.87%
30	**Return on Common Equity**	6.99%			8.10%					12.60%

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Schedule 2

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
For the Twelve-Month Period Ended March 31, 2017
Docket No. 2017-7-G

Line No.		Description	Per Piedmont	Per ORS
1		**Operating Revenues - Sale and Transportation of Gas**		
		To increase revenues on a going-level basis.	$ 16,518,828	$ 16,518,828
		Total Operating Revenues - Sale and Transportation of Gas	$ 16,518,828	$ 16,518,828
2		**Cost of Gas**		
		To increase cost of gas on a going-level basis.	$ 15,276,977	$ 15,276,977
		Total Cost of Gas	$ 15,276,977	$ 15,276,977
3		**Operations and Maintenance Expenses**		
	a.	To annualize payroll expense as of March 31, 2017.	$ 774,746	$ 746,197
	b.	To increase expenses for the salary and payroll investment plan. The plan allows participants to defer a portion of their base salary and the Company matches a portion of the participant's contribution.	601	601
	c.	To increase pension expenses included in the filing.	358,503	358,503
	d.	To adjust uncollectible gas margin utilizing the applicable uncollectible rate of .31439%.	52,015	52,015
	e.	To decrease expenses for allocations to non-utility activities.	(23,591)	(23,591)
	f.	To decrease expenses for the Long-Term Incentive Plan.	(137,896)	(165,077)
	g.	To decrease expenses for the Short-Term Incentive Plan and the Mission Value Performance Incentive Plan.	(167,684)	(606,474)
	h.	To decrease expenses for group insurance.	(35,771)	(35,771)
	i.	To decrease expenses for Piedmont Town Center lease and Common Area Maintenance expenses.	139,879	(39,167)
	j.	To adjust expenses for the South Carolina assessment fee.	(8,705)	10,746
	k.	To remove Cost to Achieve (CTA) - Merger related costs and nonallowables.	(1,448,199)	(6,014,100)
	l.	To adjust expenses for Gas Technology Institute (GTI) expense.	0	0
	m.	To increase for South Carolina environmental expenses.	49,637	49,637
	n.	To adjust expenses for retention bonuses.	177,052	103,299
	o.	To adjust lease allocation expense for leases booked to Corporate that should have been allocated to the appropriate states.	(906)	(906)
		Total Operations and Maintenance Expense	$ (270,319)	$ (5,564,088)

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Schedule 2

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
For the Twelve-Month Period Ended March 31, 2017
Docket No. 2017-7-G

Line No.		Description	Per Piedmont	Per ORS
4		**Depreciation Expense**		
		To decrease depreciation expense on a going-level basis using the most current depreciation study rates.	$ (20,145)	$ (20,145)
		Total Depreciation Expense	$ (20,145)	$ (20,145)
5		**General Taxes**		
	a.	To allocate the appropriate amount of property tax applicable to South Carolina operations.	$ 746,839	$ 746,839
	b.	To decrease payroll tax expense.	$ (20,411)	$ (50,049)
	c.	To adjust the utility license fee (rate of .3%) and gross receipts tax (rate of .219971%) for the adjustment made to increase revenues on a going-level basis.	$ 83,654	$ 85,893
	d.	To remove Cost to Achieve (CTA) - Merger related costs from general taxes.	$ 0	$ (1,513)
		Total General Taxes	$ 810,082	$ 781,170
6		**State Income Taxes**		
		To adjust state income taxes (rate of 5%) to reflect the impact on income for accounting and pro forma adjustments.	$ 514,218	$ 781,143
		Total State Income Taxes	$ 514,218	$ 781,143
7		**Federal Income Taxes**		
		To adjust federal income taxes (rate of 35%) to reflect the impact on income for accounting and pro forma adjustments.	$ 1,753,951	$ 3,528,998
		Total Federal Income Taxes	$ 1,753,951	$ 3,528,998
8		**Amortization of Debt Redemption Premium**		
		To adjust net operating income for amortization of debt redemption premium.	$ 0	$ 0
		Total Amortization of Debt Redemption Premium	$ 0	$ 0
9		**Customer Growth**		
		To adjust net operating income to reflect an anticipated increase in customer growth (rate of .69%) for the adjustments to operating revenues and expenses.	$ (10,667)	$ 11,970
		Total Customer Growth	$ (10,667)	$ 11,970

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Schedule 2

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
For the Twelve-Month Period Ended March 31, 2017
Docket No. 2017-7-G

Line No.	Description	Per Piedmont	Per ORS
10	**Cash Working Capital**		
	To adjust cash working capital to reflect the pro forma adjustments to operation and maintenance expenses (rate of 12.5%).	$ (33,790)	$ (753,863)
	Total Cash Working Capital	$ (33,790)	$ (753,863)
11	**Operating Revenues - Sale and Transportation of Gas**		
	To increase revenues from the sale and transportation of gas for the proposed margin increase. ORS has recalculated this adjustment utilizing all ORS adjustments to operating revenues.	$ 17,223,522	$ 11,765,000
	Total Operating Revenues - Sale and Transportation of Gas	$ 17,223,522	$ 11,765,000
12	**Operations and Maintenance Expenses**		
	To adjust the provision for uncollectible accounts (.31439%) for the proposed margin increase.	$ 54,149	$ 36,988
	Total Operations and Maintenance Expenses	$ 54,149	$ 36,988
13	**General Taxes**		
	To adjust the utility license fee (rate of .3%) and gross receipts tax (rate of .219971%) for the proposed margin increase.	$ 87,223	$ 61,175
	Total General Taxes	$ 87,223	$ 61,175
14	**State Income Taxes**		
	To adjust state income taxes (rate of 5%) to reflect the impact on income from the proposed margin increase.	$ 854,108	$ 583,342
	Total State Income Taxes	$ 854,108	$ 583,342
15	**Federal Income Taxes**		
	To adjust federal income taxes (rate of 35%) to reflect the impact on income from the proposed margin increase.	$ 5,679,815	$ 3,879,223
	Total Federal Income Taxes	$ 5,679,815	$ 3,879,223

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Schedule 2

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
For the Twelve-Month Period Ended March 31, 2017
Docket No. 2017-7-G

Line No.	Description	Per Piedmont	Per ORS
16	**Customer Growth**		
	To adjust net operating income to reflect an anticipated increase in customer growth (rate of .69%) for the proposed margin increase.	$ 72,783	$ 49,709
	Total Customer Growth	$ 72,783	$ 49,709
17	**Operating Revenues - Sale and Transportation of Gas**		
	To increase the revenue requirement for the sale and transportation of gas associated with demand cost under-recovery.	$ 329,312	$ 329,357
	Total Operating Revenues - Sale and Transportation of Gas	$ 329,312	$ 329,357
18	**Cost of Gas**		
	To increase cost of gas for the demand cost under-recovery using a demand cost allocation factor of 14.92%, based upon the most recent design day study.	$ 326,609	$ 326,609
	Total Cost of Gas	$ 326,609	$ 326,609
19	**Operations and Maintenance Expenses**		
	To increase the provision for uncollectible accounts (rate of .31439%) following the adjustment for demand cost under-recovery.	$ 1,035	$ 1,035
	Total Operations and Maintenance Expenses	$ 1,035	$ 1,035
20	**General Taxes**		
	To adjust the utility license fee (rate of .3%) and gross receipts tax (rate of .219971%) for the adjustment to revenue for demand cost under-recovery.	$ 1,668	$ 1,713
	Total General Taxes	$ 1,668	$ 1,713

Piedmont Natural Gas Company
South Carolina Operations
Weighted Cost of Capital
For the Twelve-Month Period Ended March 31, 2017
Docket No. 2017-7-G

Schedule 3

			Regulatory Per Books				ORS As Adjusted				After Proposed Rates			
Description	**Capital Structure**	**Ratio**	**Rate Base**	**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**	**Income For Return**
Long-Term Debt	1,785,192,962	47.00%	143,270,594	4.67%	2.19%	6,690,737	142,916,278	4.67%	2.19%	6,674,190	142,916,278	4.67%	2.19%	6,674,190
Common Equity	2,013,089,935	53.00%	161,560,457	6.99%	3.70%	11,289,213	161,160,910	8.10%	4.29%	13,052,503	161,160,910	12.60%	6.68%	20,306,484
Total	3,798,282,897	100.00%	304,831,051		5.90%	17,979,950	304,077,188		6.49%	19,726,693	304,077,188		8.87%	26,980,674

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