

BEFORE

THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2020-7-G - ORDER NO. 2020-702

OCTOBER 14, 2020

IN RE: Application of Piedmont Natural Gas Company, Incorporated to Have the Terms of the Natural Gas Rate Stabilization Act Apply to the Company's Rates and Charges for Gas Distribution Services ) INITIAL ORDER APPROVING ) QUARTERLY MONITORING ) REPORT AND ADOPTING ) SETTLEMENT AGREEMENT FOR ) ADJUSTMENTS TO RATES AND ) CHARGES

This matter comes before the Public Service Commission of South Carolina (the “Commission”) pursuant to S.C. Code Ann. §§ 58-5-400 *et seq.*, the Natural Gas Rate Stabilization Act (“RSA”), as related to Piedmont Natural Gas Company, Inc. (“Piedmont” or the “Company”). Order No. 2005-491 established a baseline return on equity for the Company under the Act, based on the Company’s last rate case. *See* Order No. 2002-761, Docket No. 2002-63-G. Section 58-5-455 sets out a procedure for the handling of monitoring reports under the Act related to the quarter ending March 31.

INTRODUCTION AND APPLICABLE LAW

The RSA requires Piedmont to file the monitoring report for the quarter ending March thirty-first with the Commission and the Office of Regulatory Staff (“ORS”). S.C. Code Ann. § 58-5-455(1) (2015). Interested parties are allowed until July fifteenth to file written comments concerning the report with the Commission and the ORS. S.C. Code Ann. § 58-5-455(2)(2015). Where it appears to the Commission or ORS that an adjustment in rates may be warranted, ORS shall conduct an audit of the monitoring report and specify

any changes that it determines are necessary to correct errors in the report or to otherwise bring the report into compliance with the statute. S.C. Code Ann. § 58-5-455(3) (2015). Interested parties may file written comments on the ORS audit by September fifteenth. S.C. Code Ann. § 58-5-455(4) (2015). On or before October fifteenth, the Commission shall issue an initial order setting forth any changes required in the utility's request to adjust rates under the statute. S.C. Code Ann. § 58-5-455(5) (2015). Any gas rate adjustments authorized under the terms of the statute shall take effect for all bills rendered on or after the first billing cycle of November of that year. S.C. Code Ann. § 58-5-455(6) (2015). This present Order is the "initial order" contemplated by S.C. Code Ann. Section 58-5-455 for Piedmont.

In compliance with S.C. Code Ann. §§ 58-5-430, 58-5-440, and §58-5-455 (2015) of the RSA, Piedmont filed its quarterly monitoring report for the twelve month period ending March 31, 2020, and proposed adjustments to its rates and charges necessary to provide Piedmont with the opportunity to earn the midpoint of the range of rate of return on common equity to the approved rate of return on equity adopted in Piedmont's most recent general rate case for natural gas service in Docket No. 2002-63-G.<sup>1</sup>

The ORS conducted a review of Piedmont's Monitoring Report for the twelve-month period ending March 31, 2020, to evaluate compliance with S.C. Code Ann §§ 58-5-430 and 58-5-440 (2015). The ORS proposed certain adjustments to reported amounts to bring the report into conformance with those sections. Piedmont filed written comments advising the Commission that any objections to the findings and adjustments reflected in

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<sup>1</sup> S.C. Code Ann. §58-5-420(1) (2015).

the ORS Audit Report have been settled. The only two parties in this matter are Dominion and ORS. There were no other parties or intervenors.

**Table 1.**

Docket No.	Order No.	Amount Requested	Change in Revenue per ORS Report	Amount Granted	Approved Return on Equity	Rates Effective
2016-7-G	2016-705	\$14,910,332	\$12,727,664	\$7,655,078	10.20%	11/1/2016
2017-7-G	2017-624	\$17,552,834	\$12,094,357	\$5,829,357	10.20%	11/1/2017
2018-7-G	2018-679	(\$5,686,837)	(\$13,643,555)	(\$15,990,582)	10.20%	11/1/2018
2019-7-G	2019-730	\$16,964,048	\$16,972,886	\$10,127,266	9.90%	11/1/2019
2020-7-G	TBA	\$12,446,419	\$11,583,831	TBD	12.60%	11/1/2020

A Settlement Agreement was reached by and between Piedmont and ORS (collectively, the Parties). Under the terms of the Settlement Agreement, attached hereto as Order Appendix A, Piedmont will implement rates for the twelve-month period beginning with the first billing cycle of November 2020, calculated on the basis of a 9.8% return on equity (“ROE”), instead of the 12.6% ROE approved by Commission Order Nos. 2002-761, 2005-491, and 2005-567. The Parties agree that Piedmont will adopt the accounting adjustments of ORS as set forth in Schedule 2 attached to the Settlement Agreement. The Parties further agree that, based upon the accounting adjustments proposed by ORS and adopted by Piedmont, and the agreement of Piedmont to implement rates based upon a 9.8% ROE, South Carolina ratepayers will realize an increase in current margin rates totaling \$7,084,535. The Settlement Agreement states that this equates to a reduction of \$7,483,013 {for accounting purposes reflected as (\$7,483,013)} for South Carolina ratepayers when compared to rates calculated on Piedmont’s authorized 12.6%

ROE. The Parties further agree to a decrease in revenue of \$2,983,717{for accounting purposes reflected as (\$2,983,717)}, due to a demand cost over-recovery.

Docket No.	Order No.	Amount Requested	ORS Proposed Increase (Settlement)	Amount Granted	Approved Return on Equity	Rates Effective
2020-7-G	2020-702	\$12,446,419	\$4,100,818	\$4,100,818	9.80%	11/1/2020

Lastly, the Parties acknowledge and reaffirm commitments from the Settlement Agreement filed and approved in Docket 2019-7-G that Piedmont will file a general rate case proceeding with the Commission no later than April 1, 2022, and certain additional information Piedmont agrees to report to ORS in quarterly monitoring reports.

We have examined the accounting and pro forma adjustments proposed and agreed upon by the Parties, as well as the Settlement Agreement, and we take no exception to them.

### **FINDINGS AND CONCLUSIONS**

1. Piedmont has elected to have the terms of the Natural Gas Stabilization Act, Section 58-5-400, et seq., apply to its current rates and charges for gas distribution service.
2. S.C. Code Ann. Section 58-5-455, a portion of the Natural Gas Rate Stabilization Act, requires the filing of certain documents and the issuance of this Initial Order.
3. Changes are required to the Company's request to adjust rates.
4. ORS has suggested certain adjustments to which Piedmont does not object, as outlined in the Parties' Settlement Agreement.

5. This Commission concludes that the terms of the Settlement Agreement are in compliance with the statutory requirements of the Natural Gas Rate Stabilization Act, S.C. Code Ann. § 58-5-400 *et seq.*, and adopts the changes and adjustments proposed by the Parties and the resulting rates and charges. Therefore, the Settlement Agreement is approved and attached to this Order as Order Appendix A.

6. This Commission finds the rate schedules for natural gas service submitted by Piedmont, attached to this Order as Order Appendix B and which incorporate the adjustments agreed to the Settlement Agreement, appropriate and approves the rate schedules attached hereto.

IT IS THEREFORE ORDERED THAT:

1. The rates and charges approved herein shall be effective for bills rendered on or after the first billing cycle in November 2020, subject to changes under the Company's Gas Cost Recovery Mechanism.

2. As agreed to in the Settlement Agreement approved herein, Piedmont shall report to ORS the following information on a going forward basis: (a) concurrent with the Company's future RSA report filings for the period ended March 31 of each year, the employees whose incentive pay has been capitalized and included in rate base and the amount thereof; (b) concurrent with the Company's future RSA report filings ended March 31 of each year, Piedmont shall report all the per books non-allowable expenses for the annual review period; (c) by November 30 and May 31 of each year, Piedmont shall provide the ORS with general ledger expense detail for the respective six-month prior periods ending September 30 and March 31 for RSA non-allowable expense testing

purposes; (d) Piedmont will work in good faith to improve the transparency and reporting of costs allocated to Piedmont from DEBS, or other subsidiaries of Duke Energy, in order to facilitate ORS's ability to efficiently audit such cost allocations in the future.

3. If it has not already done so by the date of issuance of this Order, the Company shall file its revised tariff utilizing the Commission's e-filing system for tariffs prior to its first billing cycle in November 2020. The revised tariff should be electronically filed in a text searchable PDF format using the Commission's DMS System (<https://dms.psc.sc.gov/Web>). An additional copy should be sent via email to [etariff@psc.sc.gov](mailto:etariff@psc.sc.gov) to be included in the Commission's ETariff System (<https://etariff.psc.sc.gov>). Future revisions to the tariff should be made using the ETariff System. Each tariff sheet shall contain a reference to this Order and its effective date at the bottom of each page. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations, as well as the provisions of the Settlement Agreement.

4. Piedmont shall provide a reconciliation of each tariff rate change approved as a result of this Order to each tariff rate revision filed in the ETariff system. Such reconciliation shall include an explanation of any differences and be submitted separately from the Company's ETariff system filing.

5. If it has not already done so by the date of issuance of this Order, the Company shall file a schedule showing the revenue produced by each and every tariffed rate approved by the Commission and reconcile the revenue produced, by tariffed rate, to the revenue requirement approved in this Order.

6.. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



  
Justin T. Williams, Chairman  
Public Service Commission  
South Carolina

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2020-7-G

IN RE: Application of Piedmont Natural Gas Company, )  
Incorporated to Have the Terms of the Natural ) **SETTLEMENT**  
Gas Rate Stabilization Act Apply to the ) **AGREEMENT**  
Company's Rates and Charges for Gas )  
Distribution Services )

This Settlement Agreement is made by and among the South Carolina Office of Regulatory Staff ("ORS") and Piedmont Natural Gas Company, Inc. ("Piedmont" or the "Company") (collectively referred to as the "Parties" or sometimes individually as a "Party").

WHEREAS, by Public Service Commission of South Carolina ("Commission") Order Nos. 2005-491 and 2005-567, dated September 28, 2005 and October 13, 2005, respectively, the Commission established a baseline for Piedmont under the Natural Gas Rate Stabilization Act (the "RSA") and approved certain accounting adjustments proposed by ORS and Piedmont;

WHEREAS, pursuant to Sections 58-5-430 and 58-5-440 of the RSA, Piedmont filed its Quarterly Monitoring Report and Proposed Rate Changes with the Commission on June 15, 2020 for the review period consisting of April 1, 2019 through March 31, 2020 ("Review Period");

WHEREAS, the Report of ORS's examination of Piedmont's Monitoring Report for the Twelve-Month Period Ended March 31, 2020 pursuant to the RSA, was filed with the Commission on September 1, 2020;

WHEREAS, the Parties to this Settlement Agreement are the only parties of record in the above-captioned docket;

WHEREAS, the Parties have engaged in discussions to determine if a settlement of this proceeding would be in their best interest; and,

WHEREAS, following those discussions, the Parties have each determined that their interests, and the public interest, would be best served by settling the above-captioned case under the terms and conditions set forth below:

1. Piedmont will implement rates for the twelve-month period beginning with the first billing cycle of November 2020 calculated on the basis of a 9.8% Return on Equity ("ROE") instead of the 12.6% ROE approved by Commission Orders No. 2002-761, 2005-491, and 2005-567.

2. The Parties agree that the following are the only attachments to this Settlement Agreement: Settlement Schedule 1 (Net Operating Income and Rate of Return); Settlement Schedule 2 (Explanations of Accounting and Pro Forma Adjustments); and Settlement Schedule 3 (Weighted Cost of Capital).

3. The Parties agree that Piedmont will adopt the accounting adjustments of ORS as set forth in Settlement Schedule 2 as attached to this Settlement Agreement.

4. The Parties agree that, based upon the accounting adjustments proposed by ORS and adopted by Piedmont, a Debt/Equity Ratio of 47.69%/52.31%, and the agreement of Piedmont to implement rates based on a 9.8% ROE, South Carolina ratepayers will realize an increase in current margin rates totaling \$7,084,535. This equates to a reduction of \$7,483,013 for South Carolina ratepayers when compared to rates calculated at the authorized 12.6% ROE.

5. The Parties agree to a decrease in revenue of \$2,983,717, due to a demand cost over-recovery.

6. Nothing in this Settlement Agreement alters or removes the commitment by the Parties to terms described in paragraph nos. 6 and 7 of the Settlement Agreement filed in Docket No. 2019-7-G. Those paragraphs specifically provided that:

- a) Piedmont will file a general rate case proceeding with the Commission no later than April 1, 2022; and
- b) ORS shall be provided the following information by Piedmont on a going forward basis:
  - a. Concurrent with the Company's future RSA report filings for the period ended March 31 of each year, Piedmont shall report to the ORS the employees whose incentive pay has been capitalized and included in rate base and the amount thereof.
  - b. Concurrent with the Company's future RSA report filings for the period ended March 31 of each year, Piedmont shall report to ORS all the per books non-allowable expenses for the annual review period.
  - c. By November 30 and May 31 of each year, Piedmont shall provide the ORS with general ledger expense detail for the respective six-month prior periods ending September 30 and March 31 for RSA non-allowable expense testing purposes.
  - d. The Company will work in good faith with ORS to improve the transparency and reporting of costs allocated to the Company from DEBS, or other subsidiaries of Duke Energy in order to facilitate the ORS's ability to efficiently audit such cost allocations in the future

7. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable, and full resolution of the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

8. The Parties agree that signing this Settlement Agreement (a) will not constrain, inhibit, impair, or prejudice their arguments or positions held in future or collateral proceedings; (b) will not constitute a precedent or evidence of acceptable practice in future proceedings; and (c) will not limit the relief, rates, recovery, or rates of return that any Party may seek or advocate in

any future proceeding. The Parties agree that this Settlement Agreement is in the public interest when considered as a whole. If the Commission declines to approve this Settlement Agreement in its entirety, then any Party may withdraw from the Settlement Agreement without penalty or obligation.

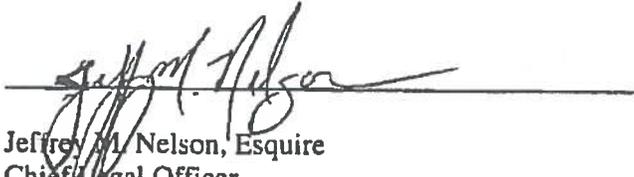
9. The Parties represent that the terms of this Settlement Agreement are based upon full and accurate information known as of the date this Settlement Agreement is executed. If, after execution, either Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Settlement Agreement is based, either Party may withdraw from the Settlement Agreement with written notice to the other Party.

10. This Settlement Agreement shall be interpreted according to South Carolina law.

11. Each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

**[PARTY SIGNATURES TO FOLLOW ON SEPARATE PAGES]**

**Representing the South Carolina Office of Regulatory Staff**

A handwritten signature in black ink, appearing to read "Jeffrey M. Nelson", is written over a solid horizontal line.

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**Representing Piedmont Natural Gas Company, Inc.**

A handwritten signature in black ink, appearing to read "James H. Jeffries, IV", is written over a horizontal line.

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Settlement Schedule 1

Piedmont Natural Gas Company  
 South Carolina Operations  
 Net Operating Income and Rate of Return  
 For the Twelve-Month Period Ended March 31, 2020  
 Docket No. 2020-7-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
<b>Operating Revenues</b>						
1 Sale and Transportation of Gas	\$ 140,783,411	\$ 2,850,891	\$ 143,634,302	\$ 7,084,535	\$ (2,983,717)	\$ 147,735,120
2 Other Operating Revenues	560,435	0	560,435	0	0	560,435
3 Total Operating Revenues	141,343,846	2,850,891	144,194,737	7,084,535	(2,983,717)	148,295,555
<b>Operating Expenses</b>						
4 Cost of Gas	56,546,866	394,021	56,940,887	0	(2,957,299)	53,983,588
5 Operations and Maintenance	34,368,454	(341,782)	34,026,672	19,892	(8,378)	34,038,186
6 Depreciation	15,148,315	3,076,634	18,224,949	0	0	18,224,949
7 General Taxes	2,152,006	5,600,744	7,752,750	42,834	(18,040)	7,777,544
8 State Income Taxes	647,133	318,966	966,099	351,091	0	1,317,190
9 Federal Income Taxes	2,847,383	127,519	2,974,902	1,400,851	0	4,375,753
10 Amortization of Investment Tax Credits	(4,788)	0	(4,788)	0	0	(4,788)
11 Total Operating Expenses	111,705,369	9,176,102	120,881,471	1,814,668	(2,983,717)	119,712,422
12 Net Operating Income	29,638,477	(6,325,211)	23,313,266	5,269,867	0	28,583,133
13 Interest on Customers' Deposits	(95,480)	0	(95,480)	0	0	(95,480)
14 Amortization of Debt Redemption Premium	0	0	0	0	0	0
15 Allowance for Funds Used During Construction	740,598	0	740,598	0	0	740,598
16 Customer Growth	248,963	(53,132)	195,831	44,267	0	240,098
17 Net Operating Income for Return	\$ 30,532,558	\$ (6,378,343)	\$ 24,154,215	\$ 5,314,134	\$ 0	\$ 29,468,349
<b>Rate Base:</b>						
18 Plant in Service	\$ 714,262,238	\$ 0	\$ 714,262,238			\$ 714,262,238
19 Accumulated Depreciation	(251,993,328)	0	(251,993,328)			(251,993,328)
20 Net Plant in Service	462,268,910	0	462,268,910			462,268,910
Add:						
21 Construction Work in Progress	35,877,604	0	35,877,604			35,877,604
22 Materials and Supplies	6,603,812	0	6,603,812			6,603,812
23 Cash Working Capital	(1,202,856)	(42,723)	(1,245,579)			(1,245,579)
Deduct:						
24 Customers' Advances	0	0	0			0
25 Customers' Deposits	2,774,724	0	2,774,724			2,774,724
26 Accumulated Deferred Income Taxes	93,094,892	0	93,094,892			93,094,892
27 Unclaimed Funds	23,085	0	23,085			23,085
28 Total Rate Base:	\$ 407,654,769	\$ (42,723)	\$ 407,612,046			\$ 407,612,046
29 Rate of Return	7.49%		5.93%			7.23%
30 Return on Common Equity	10.30%		7.31%			9.80%

**Piedmont Natural Gas Company**  
**South Carolina Operations**  
**Explanations of Accounting and Pro Forma Adjustments**  
**For the Twelve-Month Period Ended March 31, 2020**  
**Docket No. 2020-7-G**

<u>Line No.</u>	<u>Description</u>	<u>Per ORS</u>	<u>Per Piedmont</u>
<b>1</b>	<b><u>Operating Revenues - Sale and Transportation of Gas</u></b>		
	To adjust revenues to the going-level basis.	\$ 2,850,891	\$ 2,850,891
	<b><u>Total Operating Revenues - Sale and Transportation of Gas</u></b>	<b>\$ 2,850,891</b>	<b>\$ 2,850,891</b>
<b>2</b>	<b><u>Cost of Gas</u></b>		
	To adjust cost of gas to the going-level basis.	\$ 394,021	\$ 394,021
	<b><u>Total Cost of Gas</u></b>	<b>\$ 394,021</b>	<b>\$ 394,021</b>
<b>3</b>	<b><u>Operations and Maintenance Expenses</u></b>		
	a. To adjust payroll expenses to the going-level basis.	\$ 274,707	\$ 274,707
	b. To adjust pension and OPEB expenses to the going-level basis.	\$ (176,910)	\$ (133,861)
	c. To adjust employee retirement and welfare benefit expenses to the going-level basis.	\$ 321,661	\$ 321,661
	d. To adjust expenses for the provision for uncollectible accounts to reflect actual net write-offs over a three-year period.	\$ (73,974)	\$ (73,974)
	e. To adjust expenses for allocations to non-utility activities.	\$ (13,341)	\$ (13,341)
	f. To adjust LTI - equity incentives expenses to the going-level basis	\$ -	\$ 19,111
	g. To adjust STI - short term incentives expenses to the going-level basis.	\$ -	\$ (282,922)
	h. To adjust lease expenses to the going-level basis.	\$ 60,928	\$ 60,928
	i. To adjust expenses for the South Carolina assessment fee.	\$ (24,830)	\$ (84,261)
	j. To adjust expenses for amortization of deferred SC environmental expense.	\$ 306,436	\$ 306,436
	k. To adjust expenses for Gas Technology Institute (GTI) program dues expense.	\$ -	\$ -
	l. To adjust expenses for lobbying as non-allowable for ratemaking purposes.	\$ (4,097)	\$ (4,097)
	m. To adjust expenses for 50% of aviation as non-allowable for ratemaking purposes.	\$ (68,986)	\$ (98,486)
	n. To adjust expenses for other non-allowables for ratemaking purposes.	\$ (705,780)	\$ (622,185)
	o. To adjust the Company's LTI & STI to remove amounts associated with Earnings Per Share and Total Shareholder Return for the Executive Leadership Team and remove 50% of the Company's four highest compensated executives' base pay and benefits.	\$ (237,596)	\$ -
	<b><u>Total Operations and Maintenance Expense</u></b>	<b>\$ (341,782)</b>	<b>\$ (330,284)</b>

**Piedmont Natural Gas Company**  
**South Carolina Operations**  
**Explanations of Accounting and Pro Forma Adjustments**  
**For the Twelve-Month Period Ended March 31, 2020**  
**Docket No. 2020-7-G**

<u>Line No.</u>	<u>Description</u>	<u>Per ORS</u>	<u>Per Piedmont</u>
4	<b><u>Depreciation Expense</u></b>		
	To adjust depreciation expense to the going-level basis using the most current depreciation study rates.	\$ 3,076,634	\$ 3,076,634
	<b><u>Total Depreciation Expense</u></b>	<u>\$ 3,076,634</u>	<u>\$ 3,076,634</u>
5	<b><u>General Taxes</u></b>		
a.	To adjust property taxes to the going-level basis.	\$ 5,630,918	\$ 5,630,918
b.	To adjust franchise taxes to the going-level basis.	\$ (15,680)	\$ (15,680)
c.	To adjust payroll tax expenses to the going-level basis.	\$ 21,015	\$ 834
d.	To adjust the utility license fee (rate of .3%) to the going-level basis.	\$ 8,553	\$ 8,553
e.	To adjust the gross receipts tax (rate of .304614%) to the going level basis.	\$ 8,684	\$ 7,413
f.	To adjust payroll tax expenses based upon ORS adjustment 3o.	\$ (52,746)	\$ -
	<b><u>Total General Taxes</u></b>	<u>\$ 5,600,744</u>	<u>\$ 5,632,038</u>
6	<b><u>State Income Taxes</u></b>		
	To adjust state income taxes (rate of 5%) to reflect the impact on income for accounting and pro forma adjustments.	\$ 318,966	\$ 323,027
	<b><u>Total State Income Taxes</u></b>	<u>\$ 318,966</u>	<u>\$ 323,027</u>
7	<b><u>Federal Income Taxes</u></b>		
a.	To adjust federal income taxes (rate of 21%) to reflect the impact on income for accounting and pro forma adjustments.	\$ 1,007,354	1,023,556
b.	To adjust expenses for the 2017 tax reform EDIT giveback to customers.	\$ (879,835)	\$ (879,835)
	<b><u>Total Federal Income Taxes</u></b>	<u>\$ 127,519</u>	<u>\$ 143,721</u>
8	<b><u>Amortization of Debt Redemption Premium</u></b>		
	To adjust net operating income for amortization of debt redemption premium.	\$ -	\$ -
	<b><u>Total Amortization of Debt Redemption Premium</u></b>	<u>\$ -</u>	<u>\$ -</u>
9	<b><u>Customer Growth</u></b>		
	To adjust net operating income to reflect anticipated customer growth (rate of .84%) following the adjustments to operating revenues and expenses.	\$ (53,132)	\$ (53,661)
	<b><u>Total Customer Growth</u></b>	<u>\$ (53,132)</u>	<u>\$ (53,661)</u>

**Piedmont Natural Gas Company**  
**South Carolina Operations**  
**Explanations of Accounting and Pro Forma Adjustments**  
**For the Twelve-Month Period Ended March 31, 2020**  
**Docket No. 2020-7-G**

<u>Line No.</u>	<u>Description</u>	<u>Per ORS</u>	<u>Per Piedmont</u>
10	<b><u>Cash Working Capital</u></b>		
	To adjust cash working capital following the pro forma adjustments to operations and maintenance expenses (rate of 12.5%).	\$ (42,723)	\$ (41,285)
	<b><u>Total Cash Working Capital</u></b>	<u>\$ (42,723)</u>	<u>\$ (41,285)</u>
11	<b><u>Operating Revenues - Sale and Transportation of Gas</u></b>		
	To adjust the revenue requirement for the sale and transportation of gas for the proposed margin increase.	\$ 7,084,535	\$ 15,428,794
	<b><u>Total Operating Revenues - Sale and Transportation of Gas</u></b>	<u>\$ 7,084,535</u>	<u>\$ 15,428,794</u>
12	<b><u>Operations and Maintenance Expenses</u></b>		
	To adjust the provision for uncollectible accounts (rate of .2808%) following the adjustment to operating revenues.	\$ 19,892	\$ 43,321
	<b><u>Total Operations and Maintenance Expenses</u></b>	<u>\$ 19,892</u>	<u>\$ 43,321</u>
13	<b><u>General Taxes</u></b>		
	To adjust the utility license fee (rate of .3%) and gross receipts tax (rate of 0.304614%) following the adjustment to operating revenues.	\$ 42,834	\$ 86,403
	<b><u>Total General Taxes</u></b>	<u>\$ 42,834</u>	<u>\$ 86,403</u>
14	<b><u>State Income Taxes</u></b>		
	To adjust state income taxes (rate of 5%) to reflect the impact on income from the adjustments to operating revenues and expenses.	\$ 351,091	\$ 764,954
	<b><u>Total State Income Taxes</u></b>	<u>\$ 351,091</u>	<u>\$ 764,954</u>
15	<b><u>Federal Income Taxes</u></b>		
	To adjust federal income taxes (rate of 21%) to reflect the impact on income from the adjustments to operating revenues, expenses and state income taxes.	\$ 1,400,851	\$ 3,052,164
	<b><u>Total Federal Income Taxes</u></b>	<u>\$ 1,400,851</u>	<u>\$ 3,052,164</u>

**Piedmont Natural Gas Company**  
**South Carolina Operations**  
**Explanations of Accounting and Pro Forma Adjustments**  
**For the Twelve-Month Period Ended March 31, 2020**  
**Docket No. 2020-7-G**

<u>Line No.</u>	<u>Description</u>	<u>Per ORS</u>	<u>Per Piedmont</u>
16	<b><u>Customer Growth</u></b>		
	To adjust net operating income to reflect anticipated customer growth (rate of .84%) following the adjustments to operating revenues and expenses.	\$ 44,267	\$ 96,448
	<b><u>Total Customer Growth</u></b>	<u>\$ 44,267</u>	<u>\$ 96,448</u>
17	<b><u>Operating Revenues - Sale and Transportation of Gas</u></b>		
	To adjust the revenue requirement for the sale and transportation of gas associated with demand cost recovery.	\$ (2,983,717)	\$ (2,982,375)
	<b><u>Total Operating Revenues - Sale and Transportation of Gas</u></b>	<u>\$ (2,983,717)</u>	<u>\$ (2,982,375)</u>
18	<b><u>Cost of Gas</u></b>		
	To adjust cost of gas for the demand cost recovery.	\$ (2,957,299)	\$ (2,957,299)
	<b><u>Total Cost of Gas</u></b>	<u>\$ (2,957,299)</u>	<u>\$ (2,957,299)</u>
19	<b><u>Operations and Maintenance Expenses</u></b>		
	To adjust the provision for uncollectible accounts (rate of .2808%) following the adjustment to operating revenues.	\$ (8,378)	\$ (8,374)
	<b><u>Total Operations and Maintenance Expenses</u></b>	<u>\$ (8,378)</u>	<u>\$ (8,374)</u>
20	<b><u>General Taxes</u></b>		
	To adjust the utility license fee (rate of .3%) and gross receipts tax (rate of 0.304614%) for the adjustment to revenues for demand cost recovery.	\$ (18,040)	\$ (16,702)
	<b><u>Total General Taxes</u></b>	<u>\$ (18,040)</u>	<u>\$ (16,702)</u>

Settlement Schedule 3

Piedmont Natural Gas Company  
 South Carolina Operations  
 Weighted Cost of Capital  
 For the Twelve-Month Period Ended March 31, 2020  
 Docket No. 2020-7-G

Description	Capital Structure	Ratio	Regulatory Per Books			ORS As Adjusted			After Proposed Rates					
			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	2,379,650,862	47.69%	194,410,559	4.41%	2.10%	8,573,506	194,390,185	4.41%	2.10%	8,572,607	194,390,185	4.41%	2.10%	8,572,607
Common Equity	2,610,239,803	52.31%	213,244,210	10.30%	5.39%	21,959,052	213,221,861	7.31%	3.82%	15,581,608	213,221,861	9.80%	5.13%	20,895,742
<b>Total</b>	<b>4,989,890,665</b>	<b>100.00%</b>	<b>407,654,769</b>		<b>7.49%</b>	<b>30,532,558</b>	<b>407,612,046</b>		<b>5.93%</b>	<b>24,154,215</b>	<b>407,612,046</b>		<b>7.23%</b>	<b>29,468,349</b>

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McGUIREWOODS

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October 12, 2020

**VIA ELECTRONIC FILING**

Ms. Jocelyn G. Boyd  
Chief Clerk and Administrator  
The Public Service Commission of South Carolina  
101 Executive Center Drive  
Columbia, South Carolina 29210

Re: Piedmont Natural Gas Company, Inc.  
Docket No. 2020-7-G

Dear Ms. Boyd:

Pursuant to the Commission's Directive issued on October 7, 2020 in Docket No. 2020-7-G, Piedmont Natural Gas Company, Inc. ("Piedmont") has attached schedules containing its Rates and Charges effective the first billing cycle of November 2020.

These Rates and Charges have also been uploaded to the E-Tariff System.

If you have any questions regarding this filing, please contact me at the numbers shown above.

Sincerely,

/s/ T. Richmond McPherson III  
T. Richmond McPherson III

Enclosure

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the attached is being served this date upon all of the parties to this docket electronically or by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, at the addresses contained in the official service list in this proceeding.

This the 12th day of October, 2020.

/s/ Richard K. Goley  
Richard K. Goley

# Rates and Charges

**SOUTH CAROLINA RATES AND CHARGES**

**Residential and Commercial**

**Residential Service - Rate 201**

Monthly Charge		Rate Per Therm	
November - March	\$ 10.00	November - March	\$ 0.84579
April - October	\$ 8.00	April - October	\$ 0.78915

**Small General Service - Rate 202**

Monthly Charge	\$ 22.00	Rate Per Therm	
		November - March	\$ 0.71934
		April - October	\$ 0.70555

**Medium General Service - Rate 252**

Monthly Charge	\$ 75.00	Rate Per Therm	
		November - March	\$ 0.69355
		April - October	\$ 0.67976

**Natural Gas Vehicle Fuel Service - Rate 242**

Rate Per Therm		Rate Per GGE **
November - March	\$ 0.18141	\$ 0.22858 **
April - October	\$ 0.18141	\$ 0.22858 **

Compression Charge of \$0.50 per therm (maximum)

**Experimental Motor Vehicle Fuel Service - Rate 243**

Monthly Charge depends on the customer-specific corresponding Rate Schedule  
 Rate Per Therm depends on the customer-specific corresponding Rate Schedule  
 Compression Charge, if applicable, is \$0.50 per therm (maximum)

**Outdoor Gaslight Service - Rate 205**

Monthly Charge	\$ 15.00
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\*\* The Company may bill in units of Gasoline Gallon Equivalent ("GGE") for gas service provided at the Company's Premises under Rate 242. The rates above convert 1.26 Therms to 1 GGE.

SOUTH CAROLINA RATES AND CHARGES

Industrial

**Large General Sales Service - Rate 203**

Monthly Charge		\$	250.00			
Demand Charge (monthly per peak day therm usage)		\$	1,125.00			
Rate Per Therm						
	<u>November - March</u>			<u>April - October</u>		
	First 15,000	\$	0.44923	First 15,000	\$	0.37495
	Next 15,000	\$	0.37952	Next 15,000	\$	0.32382
	Next 75,000	\$	0.33199	Next 75,000	\$	0.29485
	Next 165,000	\$	0.29325	Next 165,000	\$	0.27468
	Next 330,000	\$	0.23711	Next 330,000	\$	0.23711
	Over 600,000	\$	0.20854	Over 600,000	\$	0.20854

**Interruptible Sales Service - Rate 204**

Monthly Charge		\$	250.00			
Rate Per Therm						
	<u>November - March</u>			<u>April - October</u>		
	First 15,000	\$	0.46423	First 15,000	\$	0.38995
	Next 15,000	\$	0.39952	Next 15,000	\$	0.34382
	Next 75,000	\$	0.35639	Next 75,000	\$	0.31925
	Next 165,000	\$	0.30925	Next 165,000	\$	0.29068
	Next 330,000	\$	0.25711	Next 330,000	\$	0.25711
	Over 600,000	\$	0.22854	Over 600,000	\$	0.22854

**Large General Transportation Service - Rate 213**

Monthly Charge		\$	250.00			
Demand Charge (monthly per peak day therm usage)		\$	0.82500			
Standby Sales Service Charge (monthly per peak day therm usage)		\$	0.45000			
Rate Per Therm						
	<u>November - March</u>			<u>April - October</u>		
	First 15,000	\$	0.21923	First 15,000	\$	0.14495
	Next 15,000	\$	0.15352	Next 15,000	\$	0.09782
	Next 75,000	\$	0.10739	Next 75,000	\$	0.07025
	Next 165,000	\$	0.06855	Next 165,000	\$	0.04998
	Next 330,000	\$	0.03011	Next 330,000	\$	0.03011
	Over 600,000	\$	0.00854	Over 600,000	\$	0.00854

**Interruptible Transportation Service - Rate 214**

Monthly Charge		\$	250.00			
Rate Per Therm						
	<u>November - March</u>			<u>April - October</u>		
	First 15,000	\$	0.23423	First 15,000	\$	0.15995
	Next 15,000	\$	0.16352	Next 15,000	\$	0.10782
	Next 75,000	\$	0.12139	Next 75,000	\$	0.08425
	Next 165,000	\$	0.07175	Next 165,000	\$	0.05318
	Next 330,000	\$	0.03411	Next 330,000	\$	0.03411
	Over 600,000	\$	0.00854	Over 600,000	\$	0.00854

**SOUTH CAROLINA RATES AND CHARGES**

**Miscellaneous Fees And Charges**

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**Schedule For Limiting And Curtailing Service - Rate 206**

Emergency Service Rate Per Therm	\$ 1.00	In addition to commodity prices as defined in Rate Schedule 206, Rate For Emergency Service.
Unauthorized Over Run Penalty Per Therm	\$ 2.50	In addition to commodity prices as defined in Rate Schedule 206, Rate For Emergency Service.

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**Reconnect Fees**

February Through August	\$ 40.00
September Through January	\$ 60.00

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**Returned Check Charge**

Returned Check Charge	\$ 25.00
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**Governmental Taxes and Fees**

Customers shall also pay all applicable taxes, fees and assessments levied by governmental authorities having jurisdiction.

Docket No. 2020-7-G  
Order No. TBD

Directive Issued: October 07, 2020  
Effective: First Billing Cycle  
of November 2020