

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

**IN RE:**

**PETITION OF PIEDMONT NATURAL  
GAS COMPANY, INC. FOR APPROVAL  
OF ITS 2023 ANNUAL REVIEW OF  
RATES MECHANISM PURSUANT TO  
TENN. CODE ANN. § 65-5-103(d)(6)**

**DOCKET NO. 23-00035**

## DIRECT TESTIMONY

OF

DAVID N. DITTEMORE

**August 2, 2023**

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## I. WORK EXPERIENCE

2 **Q1. PLEASE STATE YOUR NAME AND OCCUPATION FOR THE RECORD.**

3 **A1.** My name is David N. Dittmore. I am a self-employed consultant working in the utility  
4 regulatory sector.

5 **Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND**  
6 **PROFESSIONAL EXPERIENCE.**

7 **A2.** I received a Bachelor of Science Degree in Business Administration from the University  
8 of Central Missouri in 1982. I am a Certified Public Accountant licensed in Oklahoma  
9 (#7562). I was previously employed by the Kansas Corporation Commission (“KCC”) in  
10 various capacities, including Managing Auditor, Chief Auditor, and Director of the  
11 Utilities Division. I was self-employed as a Utility Regulatory Consultant for  
12 approximately four years, representing primarily the KCC Staff in regulatory issues. I also  
13 participated in proceedings in Georgia and Vermont, evaluating issues involving electricity  
14 and telecommunications regulatory matters.

15 Additionally, during this time frame, I performed a consulting engagement for Kansas Gas  
16 Service (“KGS”), my subsequent employer. For eleven years, I served as Manager and  
17 subsequently Director of Regulatory Affairs for KGS, the largest natural gas utility in  
18 Kansas, serving approximately 625,000 customers. KGS is a division of One Gas, a natural  
19 gas utility serving about two million customers in Kansas, Oklahoma, and Texas. I joined  
20 the Tennessee Attorney General’s Office in September 2017 as a Financial Analyst. In July  
21 2021, I began my consulting practice.

1 I have been a Board Member of the Financial Research Institute (University of Missouri).  
2 I have also been a member of the NARUC Subcommittee on Accounting, the Vice-Chair  
3 of the Accounting Committee of the National Association of State of Utility Consumer  
4 Advocates (NASUCA), and an active participant in NASUCA's Natural Gas and Water  
5 Committees.

6 Overall, I have thirty years of experience in public utility regulation. I have presented  
7 testimony as an expert witness on many occasions. Attached as Exhibit DND-1 is a detailed  
8 overview of my background.

9 **Q3. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE**  
10 **TENNESSEE PUBLIC UTILITY COMMISSION ("TPUC" OR THE**  
11 **"COMMISSION")?**

12 **A3.** Yes. I have submitted testimony in many TPUC dockets.

13 **Q4. ON WHOSE BEHALF ARE YOU APPEARING?**

14 **A4.** I am appearing on behalf of the Consumer Advocate Division of the Tennessee Attorney  
15 General's Office ("Consumer Advocate").

## 16 **II. PURPOSE OF TESTIMONY**

17 **Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

18 **A5.** The purpose of my testimony is to present the findings of the Consumer Advocate's office  
19 in this proceeding. Any adjustment not proposed in this proceeding should not be an  
20 indication in future proceedings of acceptance of the underlying expense or accounting  
21 methodology.



1 **Q6. WERE YOU INVOLVED IN TPUC DOCKET NO. 21-00135, THE DOCKET IN**  
2 **WHICH THE COMMISSION ESTABLISHED THE PARAMETERS OF**  
3 **PIEDMONT'S ARM?**

4 **A6.** Yes, I participated in TPUC Docket No. 21-00135 on behalf of the Consumer Advocate.

5 **III. SUMMARY OF RECOMMENDATIONS**

6 **Q7. PLEASE SUMMARIZE YOUR RECOMMENDATIONS IN THIS PROCEEDING.**

7 **A7.** I recommend the Commission approve an annual ARM Rider surcharge of \$10,202,856  
8 and a base rate increase of \$28,139,496. The ARM rider surcharge should be collected on  
9 a volumetric basis. The base rate increase should be recovered as a pro-rata increase to the  
10 current base rates of 17%. The sum of the recommended ARM rider surcharge and base  
11 rate increase equals an overall increase to customers of 23.3%. The calculations supporting  
12 the ARM Rider surcharge revenue requirement recommendations are identified in Exhibits  
13 DND-2 through DND-19. I also have several recommendations concerning information  
14 that should be included in Piedmont's next annual ARM filing that I will discuss in Section  
15 VII of my testimony.

16 **Q8. DO YOU HAVE A LISTING OF EXHIBITS THAT YOU ARE SPONSORING?**

17 **A8.** Yes. I am sponsoring the following Exhibits:

Exhibit No.	Description	Confidential?
1	Experience and Educational Background	
2	Summary of ARM Rider and Revenue Deficiency Calculations	
3	Calculation of ARM Rider Carrying Charges	
4	Calculation of Proposed HBP and Rate Reset Rate Base	
5	Calculation of Net Operating Income HBP	Yes/Portions
6	Calculation of Net Income Available for Return HBP and Rate Reset Period	
7	Calculation of State/Federal Income Taxes; HBP and Rate Reset Period	
8	Calculation of Interest Expense and Rate of Return - HBP	
9	Calculation of Interest Expense Rate Reset Period	
10	Calculation of Cash Working Capital Adjustment	
10.1	Cash Working Capital Supporting Workpaper	
11	ADIT Adjustment Calculation	
12	Removal of Capitalized Pension Costs	
13	Adjust Depreciation Expense to Remove Assets Not Providing Service in Tennessee	
13.1	Support for Depreciation Expense Adjustment	
14 - 14.6	Adjustment to Eliminate Consulting Services Allocated to Tennessee	Yes
15	Calculation Eliminating Corporate Owned Aircraft Charges	
15.1	Calculation of Imputed Commercial Airline Costs for Piedmont Employees	Yes
16	Calculation of Direct Lobbying Charges	Yes
16.1	State Government Affairs Director	
16.2	Job Description/Director State Government Affairs and Community Relations	
17	Calculation of Indirect Lobbying Charges	Yes
17.1	Job Description/V.P. Rates and Natural Gas Supply	
17.2	Executive Profile VP Duke Energy	
17.3	Executive Profile Chief Commercial Officer Duke Energy	
18	Environmental Expense Adjustment	
19	Rate Increase by Rate Class	

**Q9. DO YOU HAVE RECOMMENDATIONS FOR ISSUES THAT PIEDMONT SHOULD INCLUDE IN ITS SUBSEQUENT ARM FILING?**

**A9.** Yes. I discuss these recommendations in Section VII of my testimony.

#### **IV. OVERVIEW OF PIEDMONT'S REQUEST**

**Q10. WHAT IS PIEDMONT REQUESTING IN THIS PROCEEDING?**

**A10.** Piedmont is requesting a revenue increase of \$11,699,131 in its ARM Rider mechanism and a base rate increase of \$29,861,596.

**Q11. CAN YOU PUT THESE PROPOSALS IN CONTEXT WITH PIEDMONT'S CURRENT NON-COST OF GAS REVENUE?**

**A11.** Yes. The Company's proposals are substantial:

Table 1		
Piedmont Existing Base Rates	\$ 164,738,020	PNG Schedule 26
PNG Proposed Increase in Base Rates	\$ 29,861,462	PNG Schedule 26
ARM Rider Rate	\$ 11,699,131	PNG Schedule 12
Total Normalized Revenue	\$ 206,298,613	
Revenue Increase Sought in this Case	\$ 41,560,593	
Divided by Existing Base Rates	\$ 164,738,020	
	25.23%	

The \$41.5 million request represents a 25.23% increase in customer rates over the next year. This percentage is meaningful as it reflects Piedmont's revenue requirement increase.

The overall impact on customer bills will be less than 25.23% since such bills also include purchased gas costs, which are not an issue in this proceeding.

**Q12. DO YOU BELIEVE IT IS ACCURATE TO CHARACTERIZE THE ONE-YEAR ARM RIDER SURCHARGE AS A RATE INCREASE?**

**A12.** Yes. The current ARM rider will expire after one year, but the Commission will adopt a new ARM Rider surcharge in the Company's next filing. The ARM Rider adopted in this case will impact customers in the next year, just as the increase in base rates will. Hypothetically, if the Commission adopted a \$10 million ARM Rider in this proceeding and a \$12 million ARM Rider in the next proceeding, the net increase of \$2 million should be recognized as a component of the rate increase in the next ARM proceeding.

**Q13. DO YOU BELIEVE THIS TYPE OF ANNUAL RATE INCREASE IS SUSTAINABLE IN THE LONG RUN?**

**A13.** No. I don't believe annual rate increases in the range requested in this case would produce just and reasonable rates if sought annually.

1 **Q14. ARE YOU RECOMMENDING DISCONTINUING THE ARM MECHANISM AS A**  
2 **RESULT OF THE SIGNIFICANT INCREASE SOUGHT IN THIS PROCEEDING?**

3 **A14.** No. I believe discontinuing the ARM mechanism at this point would be premature. This is  
4 the first annual filing made by the Company and the significant increase in this proceeding  
5 may be a product of the fact that this is an initial filing.

6 **V. RATE BASE ADJUSTMENTS**

7 **Q15. PLEASE BEGIN YOUR DISCUSSION OF ADJUSTMENTS TO THE**  
8 **COMPANY'S PROPOSAL BY EXPLAINING RATE BASE ADJUSTMENT NO. 1.**

9 **A15.** Rate Base Adjustment No. 1 removes the impacts of Return on Equity and Depreciation  
10 Expenses from the Cash Working Capital ("CWC") Calculation. This adjustment reduces  
11 Rate Base in the Historic Base Period by \$3,339,960, as shown in Exhibits DND-10 and  
12 10.1. These items are non-cash items and do not belong in a cash working capital  
13 calculation. As its name implies, a CWC study measures the cash necessary for the  
14 Company to have on hand to fund the payment of operating expenses. The appropriate  
15 level of CWC is determined based on a lead/lag study. The Company has appropriately  
16 defined the lead/lag days associated with revenues and operating expenses as adopted in  
17 Piedmont's last rate case. The parties did not agree on the appropriate treatment of non-  
18 cash items in TPUC Docket No. 21-00135 and agreed that this issue was unresolved.

19 The Company's inclusion of these non-cash items is an attempt to measure an assumed  
20 level of regulatory lag for these items and does not fall under the definition of the CWC  
21 study. While I agree that there is regulatory lag in the collection of these two items, they  
22 do not require that the Company maintain cash on hand to compensate third-party vendors

1 or, in the case of payroll, employees.<sup>1</sup> The objective of a cash working capital study is to  
2 measure the necessary cash on hand to fund operations. Since there is no cash requirement  
3 associated with the return on equity or depreciation expense these items should be excluded  
4 from the CWC study in their entirety.

5 **Q16. ARE YOU AWARE OF ACADEMIC LITERATURE THAT SUPPORTS YOUR**  
6 **DEFINITION OF CASH WORKING CAPITAL COMPONENTS?**

7 **A16.** Yes. In the book “The Process of Ratemaking” authored by Leonard Saul Goodman,  
8 includes the following passage:

9 *“A cardinal principle of the working capital allowance is that it should*  
10 *exclude non-cash expenses, such as depreciation, deferred income taxes,*  
11 *and return on common equity, among others.”<sup>2</sup>*

12 **Q17. CONTINUE BY DISCUSSING RATE BASE ADJUSTMENT NO. 2.**

13 **A17.** This adjustment is necessary to synchronize components within the Company’s proposed  
14 Accumulated Deferred Income Tax Liability (“ADIT”) with the related treatment of such  
15 items in the calculation of Operating Income.

16 **Q18. WHAT IS ADIT, AND HOW DOES IT FACTOR INTO THE DETERMINATION**  
17 **OF RATE BASE?**

18 **A18.** ADIT reflects the cumulative difference between deferred tax expense recorded according  
19 to Generally Accepted Accounting Principles (“GAAP”) and income tax payments made  
20 to the IRS. This difference reflects the obligation of the Company to pay future income tax  
21 payments reflected as an expense in a prior period. The balance of ADIT reflects a source

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<sup>1</sup> Regulatory lag is addressed in other areas within the ARM mechanism, adding to the complexity of the calculation.

<sup>2</sup> *The Process of Ratemaking*, Leonard Saul Goodman, Vol. 2, page 829; published by Public Utilities Reports, Inc. Copyright 1998.

1 of financing provided by ratepayers since the Company recovers income tax expense on an  
2 accrued GAAP basis rather than on a cash basis. Thus ratepayers have contributed funding  
3 for the payment of income taxes that will be paid in future periods, represented by the  
4 balance of ADIT.

5 **Q19. PLEASE IDENTIFY THE ADIT COMPONENTS THAT SHOULD BE REMOVED**  
6 **IN DEVELOPING THE APPROPRIATE BALANCE FOR RATEMAKING**  
7 **PURPOSES.**

8 **A19.** I have removed ADIT components related to non-qualified pension costs, environmental  
9 reserves, annual incentive plan compensation, OPEB Expense accrual, and FAS Medical  
10 Expense accrual. Accrued compensation benefits such as Pension and OPEB expenses  
11 have been disallowed for recovery by the Commission in favor of recovery on a cash basis.  
12 Thus, an ADIT balance related to accrued benefit expenses should be removed from the  
13 ADIT balance. I am sponsoring an adjustment to remove environmental costs from  
14 operating income, which I will discuss later in my testimony. The Commission's treatment  
15 of this ADIT component should follow the resolution of whether the related environmental  
16 expense is recovered as an operating expense. The total ADIT adjustment increases the  
17 liability (reduces Rate Base) \$1,505,250 and is identified in Exhibit DND-11.

18 **Q20. CONTINUE WITH AN EXPLANATION OF RATE BASE ADJUSTMENT NO. 3.**

19 **A20.** Rate Base Adjustment No. 3 removes \$2,126,188 of capitalized pension costs from Rate  
20 Base. This adjustment eliminates that portion of accrued pension costs that were capitalized  
21 to construction projects during the Historic Base Period ("HBP"). The Commission should  
22 direct the Company to eliminate accrued pension and Other Post-Employment Benefit

1 (“OPEB”) costs from Rate Base in future ARM proceedings. The issue of whether pension  
2 and OPEB costs should be capitalized was an item that was not resolved in TPUC Docket  
3 No. 21-00135.

4 **Q21. WHY SHOULDN’T AN APPROPRIATE PORTION OF ACCRUED PENSION**  
5 **AND OPEB COSTS BE CAPITALIZED TO CONSTRUCTION WORK IN**  
6 **PROGRESS?**

7 **A21.** The parties in TPUC Docket No. 21-00135 resolved the treatment of pension expense by  
8 permitting the amortization of legacy deferred pension costs as an expense item but  
9 recognizing current pension costs only to the extent of the actuarially determined minimum  
10 contribution requirement. For discussion purposes, I refer to this approach as the “cash  
11 methodology” of determining the appropriate level of pension expense as an operating  
12 expense.

13 The Company correctly eliminated accrued pension expense from its calculation of Net  
14 Operating Income. However, the portion of accrued pension costs that were not expenses  
15 (associated with labor incurred in constructing plant in service) was capitalized. This is  
16 undoubtedly an open issue and the treatment supported by the Company is not prohibited  
17 in the Settlement Agreement. The Company’s treatment results in its Pension Expense  
18 reflecting the cash methodology,<sup>3</sup> while the Rate Base component reflects the accrued  
19 pension cost methodology. The two methods are at odds with each other and result in  
20 inconsistent treatment of Pension costs within the ARM mechanism. The adjustment to  
21 remove accrued pension costs from Rate Base is necessary to match the treatment adopted

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<sup>3</sup> The Company did not have any mandatory cash pension contributions in the HBP; thus, Pension Expense in the HBP is zero.

1 in the recognition of Pension Expense. There would be a depreciation expense component  
2 of this adjustment, however, it would be relatively small in amount, so it was not quantified.  
3 However, if such amounts continue to be capitalized on the books of Piedmont, calculating  
4 a depreciation expense component in the future would be appropriate.

## 5 VI. OPERATING INCOME ADJUSTMENTS

### 6 **Q22. PLEASE BEGIN BY DISCUSSING ADJUSTMENT NO. 1 TO OPERATING** 7 **EXPENSES.**

8 **A22.** Operating Expense Adjustment No. 1 reduces Depreciation Expense \$43,903. This  
9 adjustment is reflected in Exhibits DND-13 and DND-13.1. Information obtained from the  
10 Company in response to Consumer Advocate DR No. 1-53 (attached as Exhibit DND-13.1)  
11 indicates the physical location of work trucks and Sports Utility Vehicles (“SUVs”). All  
12 but two vehicles are physically located in either North Carolina or South Carolina. These  
13 work vehicles physically located in another jurisdiction should be direct assigned to those  
14 states and not allocated in a a three-state allocation process. I have offset this adjustment  
15 by calculating the Depreciation Expense on two Tennessee-based vehicles allocated to all  
16 three states. The net result is a reduction in Depreciation Expense of \$43,903.

### 17 **Q23. CONTINUE WITH A DISCUSSION OF ADJUSTMENT NO. 2 TO OPERATING** 18 **EXPENSES.**

19 **A23.** Adjustment No. 2 reduces Operating Expenses \$378,334 by eliminating certain consulting  
20 costs allocated to Piedmont-Tennessee. These costs were incurred at the corporate level  
21 and allocated to various affiliates, including Tennessee. The support for this adjustment is  
22 found in Confidential Exhibits DND-14 through DND-14.6 (redacted).



**Q24. WHAT WAS THE NATURE OF THE CONSULTING SERVICES?**

**A24.** \*Confidential [REDACTED]

Invoices indicate the services provided were for [REDACTED].

**Q25. WHAT WAS THE TOTAL AMOUNT OF COSTS PAID TO [REDACTED]?**

**A25.** The total amount paid to [REDACTED] in the HBP was \$ [REDACTED].

**Q26. WHAT IS YOUR OBJECTION TO THE INCLUSION OF THESE COSTS IN THE HBP?**

**A26.** [REDACTED]

**Q27. WHAT IS YOUR RECOMMENDATION REGARDING THE REGULATORY TREATMENT OF THESE COSTS?**

**A27.** I recommend that these costs be removed from the HBP operating results. The Company should defer these costs on its books, subject to the Company justifying cost recovery in its next ARM filing by [REDACTED].

**Q28. PLEASE CONTINUE WITH A DISCUSSION OF OPERATING EXPENSE ADJUSTMENT NO. 3.**

**A28.** Operating Expense Adjustment No. 3 reduces such expenses \$231,115 by eliminating corporate-owned aircraft charges but offsetting such amounts by utility patrol costs and an imputation of commercial airline costs applied to flights taken in the HBP by Piedmont employees. The support for this adjustment is contained in Exhibits DND-15 and DND-15.1, with the later Exhibit being redacted.

**Q29. WHY DO YOU OBJECT TO THE INCLUSION OF COSTS RELATED TO COMPANY-OWNED AIRCRAFT?**

**A29.** As shown in Exhibit 15, the costs of corporate aircraft ownership and operation are expensive. This form of executive travel is not the least cost. Tennessee ratepayers facing a 25% increase in rates in this proceeding should not be required to pay for corporate-owned aircraft charges. These include employee-related costs (presumably pilots), employee expenses, outside contractors, property insurance, employee benefits, the purchase/sale of an employee's home, return on the corporate-owned planes and Depreciation.

**Q30. HOW DID YOU CALCULATE THIS ADJUSTMENT?**

**A30.** The adjustment was calculated by excluding the total corporate-owned aircraft charges, reduced by costs identified as utility patrol costs. I then reviewed the flights the Company identified that Piedmont employees took. I added the total number of passenger flights, excluding those operational flights taken outside of the Piedmont footprint, and multiplied the result by \$1,000/flight per passenger as a very liberal estimate of what a commercial flight would cost. I then applied the resulting costs by a Tennessee jurisdictional allocation factor to arrive at an imputed cost to be included as an operating expense. The net of these amounts results in an expense reduction of \$231,115.

**Q31. NOW TURN TO OPERATING EXPENSE ADJUSTMENT NO. 4 AND PROVIDE SUPPORT FOR THIS ADJUSTMENT.**

**A31.** Adjustment No. 4 reduces Operating Expenses [REDACTED] by reclassifying labor and related expenses as lobbying. The adjustment is supported by calculations contained in

1 Confidential Exhibit 16 and Public Exhibits DND-16.1 and 16.2. My adjustment assigns

2 [REDACTED]

3 [REDACTED].<sup>4</sup>

4 **Q32.**

[REDACTED]

5 [REDACTED]

6 [REDACTED]?

7 **A32.** Yes. The Company attributed [REDACTED] of the Government Relations' Director costs as lobbying  
8 and provided support for this position in response to Consumer Advocate DR No. 1-14 as  
9 follows:

10 *TCA 3-6-301 (15) (A) defines lobbying as: "Lobby" means to communicate,*  
11 *directly or indirectly, with any official in the legislative branch or executive*  
12 *branch to influence any legislative action or administrative action;*  
13 *Although the number of days those activities take place can vary from year*  
14 *to year, the time period the activities occur generally do not. In order to*  
15 *have a standard allocation of time for simplicity of processing, Piedmont*  
16 *has chosen to take a more conservative approach and assume that 100% of*  
17 *the employee's time during the months the general assembly is in session is*  
18 *dedicated to lobbying activities. January through May is 42% of the year,*  
19 *and as such PNG allocates 42% of the employee's labor to lobbying costs*  
20 *on an annual basis.*

21 **Q33. DO YOU BELIEVE THE LOBBYING DEFINITION IDENTIFIED ABOVE**  
22 **DICTATES THE REGULATORY TREATMENT OF THESE COSTS IN THIS**  
23 **CASE?**

24 **A33.** No.

1 **Q34. HAS THE COMPANY FOLLOWED THE DEFINITION CITED ABOVE IN ITS**  
2 **ESTIMATION THAT ■■■ OF THE GOVERNMENT AFFAIRS DIRECTOR IS**  
3 **CONSERVATIVELY ASSOCIATED WITH LOBBYING?**

4 **A34.** No.

5 **Q35. DOES THE COMPANY HAVE A FINANCIAL INCENTIVE TO DEFINE**  
6 **LOBBYING COSTS NARROWLY?**

7 **A35.** Yes.

8 **Q36. WHAT IS THE BASIS FOR YOUR ESTIMATION THAT 90% OF THE COSTS**  
9 **OF THE STATE GOVERNMENT AFFAIRS DIRECTOR SHOULD BE**  
10 **ASSIGNED TO LOBBYING?**

11 **A36.** The adjustment is supported primarily by a review of the position job descriptions, which  
12 changed during the HBP, so there are two job descriptions related to one position. Both job  
13 descriptions emphasized communicating Duke and Piedmont's strategic objectives with  
14 state elected officials.

15 These job descriptions are contained in Exhibits DND-16.1 and DND 16.2. The job  
16 descriptions are very detailed, so I won't copy their contents in their entirety. However,  
17 listed below is the entire summary contained in response to Consumer Advocate DR No.  
18 1-14a Attachment 1:

19 *SUMMARY This position has the responsibility for effectively managing*  
20 *and influencing the relationships with governmental officials and bodies to*  
21 *support the interests of Duke Energy. This position serves as the Company's*  
22 *registered lobbyist in the state and is responsible for lobbying activities and*  
23 *influencing the Legislative and state's Executive Branch to advance the*  
24 *strategic objectives of the Company and its business units. The position*  
25 *manages state legislative strategy and relationships and coordinates with*  
26 *other companies, statewide businesses, industry organizations, coalitions,*

1                   *and special interest groups to foster and promote the interests of Duke*  
2                   *Energy.*

3                   Listed below is the partial summary of the response to Consumer Advocate DR No. 1-14a,  
4                   Attachment 2:<sup>5</sup>

5                   *SUMMARY This position is primarily responsible for strategic*  
6                   *management of relationships with state and local external stakeholders to*  
7                   *ensure that public policy and community support are consistent with and*  
8                   *enhance Duke Energy's NGBU corporate strategy. This position is*  
9                   *responsible for the strategic management of state-level political*  
10                  *relationships (state legislature, state governmental bodies, Attorney*  
11                  *General's Office, etc.) and is responsible to ensure that decisions made by*  
12                  *political leaders, other policymakers and elected and appointed bodies of*  
13                  *state government are consistent with corporate priorities.*

14                  The responsibilities contained in the latter job description cite a goal to coordinate strategic  
15                  involvement of Senior Management in state politics.<sup>6</sup>

16                  These responsibilities in the job descriptions detail legitimate corporate objectives for the  
17                  position but are not functions that should be paid for by ratepayers.

18   **Q37. DO YOU HAVE ANY OTHER EVIDENCE THAT THE LOBBYING FUNCTION**  
19   **IS NOT LIMITED TO THE TIME PERIOD THE LEGISLATURE IS IN SESSION?**

20   **A37.** Yes. Confidential Response to Consumer Advocate DR No. 1-14(e) indicates the [REDACTED]

21   [REDACTED]

22   [REDACTED]. I have also reviewed the employees' expense reports for my analysis.

23   **Q38. NOW TURN TO ADJUSTMENT NO. 5 AND EXPLAIN THIS ADJUSTMENT.**

24   **A38.** Operating Expense Adjustment No. 4 is related to the previous adjustment in reclassifying  
25   [REDACTED] of allocated labor costs to the lobbying function.

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<sup>5</sup> This text represents the first two sentences of the Summary.

<sup>6</sup> See Response to Consumer Advocate DR No. 1-14(a), Attachment 2 of 5.

1 **Q39. HOW WAS THE ADJUSTMENT CALCULATED?**

2 **A39.** First, I identified the compensation of the two supervisors associated with the Director of  
3 Government Affairs.<sup>7</sup> Corporate employees do not perform their duties in a vacuum. This  
4 adjustment recognizes that the Piedmont Director would have interaction and obtain  
5 direction from their supervisors, and it is appropriate that a portion of these employees'  
6 compensation be assigned to the lobbying function. I assumed a limited involvement in the  
7 oversight of the lobbying role by applying a [REDACTED] ratio to their Tennessee-allocated  
8 compensation and benefits.

9 **Q40.** [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]?

13 **A40.** [REDACTED].<sup>8</sup>

14 **Q41. DO YOU HAVE AN ANALOGY WITHIN THE FIELD OF UTILITY**  
15 **ACCOUNTING THAT SUPPORTS THE RECOGNITION OF ASSIGNING**  
16 **SUPERVISORY LABOR TO LOBBYING?**

17 **A41.** Yes. I view this issue in a similar manner as capitalizing the costs of management and  
18 supervisors onto construction work orders. These employees provide oversight from a  
19 distance into the engineering and design of construction projects, and their time is  
20 appropriately capitalized as construction activity. Similarly, a portion of executive

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<sup>7</sup> See Confidential Response to Consumer Advocate DR No. 1-14(b).

<sup>8</sup> See Confidential Response to Consumer Advocate DR No. 2-9.

1 management time that oversees an employee/lobbyist should have a portion of their time  
2 attributed to that function and moved to a below-the line account for ratemaking purposes.

3 **Q42. PLEASE TURN TO YOUR FINAL OPERATING EXPENSE ADJUSTMENT AND**  
4 **DISCUSS THE NATURE OF THE ADJUSTMENT.**

5 **A42.** Operating Expense Adjustment No. 6 removes \$335,303 of environmental costs as an  
6 operating expense, limited to the rate reset period. This adjustment is set forth in Exhibit  
7 DND-18. There are two types of environmental costs contained in this proceeding, the  
8 amortization of legacy environmental costs deferred pursuant to Commission order, with  
9 the second type, the more current environmental costs recently incurred and not previously  
10 addressed by the Commission. My adjustment relates to this second aspect of  
11 environmental costs. The former environmental costs in which legacy environmental costs  
12 are amortized to the revenue requirement is a settled issue.

13 **Q43. DO YOU BELIEVE THE COMPANY HAS MET ITS BURDEN OF PROOF**  
14 **NECESSARY TO RECOVER THESE COSTS?**

15 **A43.** No. The Company has not provided evidence that it has pursued recovery of these costs  
16 from insurance companies or their successors. If the Company has researched the  
17 opportunity to recover costs through insurance, it has not communicated that to the  
18 Commission. Instead, the Company has taken the path of least resistance and presented  
19 these costs for recovery to ratepayers. Until research is presented on whether insurance  
20 recovery is an option, ratepayers should not bear these costs. If such records have not been  
21 retained through acquisitions or cannot be researched, this does not translate to a burden  
22 that should be pushed onto ratepayers.

**VII. CONSUMER ADVOCATE'S RECOMMENDATIONS FOR NEXT ARM FILING**

**Q44. DO YOU HAVE OTHER RECOMMENDATIONS AS A RESULT OF THE REVIEW UNDERTAKEN IN THIS PROCEEDING?**

**A44.** Yes. I recommend addressing the following issues in the Company's next ARM filing:

1. The Company should provide additional information on measures it has taken to control costs if it seeks an increase greater than 10%.
2. The Company should establish the anticipated customer growth associated with its capital expenditures identified as "Growth".
3. The Company should assign a reasonable pro-rata level of marketing-related labor associated with the development of advertising that is not otherwise recoverable.
4. The Company should address the implications of state tax rate changes on the balance of the ADIT assigned to Tennessee within the present ARM filing and future ARM filings.

**Q45. PLEASE TURN TO YOUR FIRST RECOMMENDATION RELATING TO DEMONSTRATING EFFORTS TO CONTROL COSTS OR LIMIT CAPITAL EXPENDITURES.**

**A45.** If the Company seeks to increase rates more than 10% in the next ARM proceedings, it should provide a comprehensive explanation of its efforts to reduce or control operating and maintenance expenses and limit capital expenditures. Calculating the 10% threshold should include any incremental revenue associated with the HPB ARM, net of such revenue approved in this proceeding, plus the revenue deficiency computed in the rate reset period. This recommendation reflects the significant impact this first ARM filing will have on customers. The Company should be required to demonstrate that it has adequately exerted cost control efforts not only of Piedmont direct costs but also the allocated costs it seeks to recover. The current ARM mechanism does not provide a financial incentive for the Company to control costs, so to the extent the Company seeks another significant rate



1 increase, it should be required to explain the steps it is taking on behalf of its customer to  
2 minimize bill impacts.

3 **Q46. PLEASE TURN TO YOUR SECOND RECOMMENDATION REGARDING**  
4 **GROWTH CAPITAL EXPENDITURES.**

5 **A46.** The growth budget of the Company is significant. The 2023 capital budget for Residential  
6 and Commercial additions is [REDACTED].<sup>9</sup> The Company should be required to identify the  
7 estimate of additional customer numbers and volumes associated with each year's budgeted  
8 capital expenditures as well as the anticipated dates over which such customer growth will  
9 occur. This information will allow the Commission to understand new growth  
10 infrastructure's cost burden on legacy customers.

11 **Q47. DISCUSS YOUR THIRD RECOMMENDATION REGARDING MARKETING**  
12 **DEPARTMENT LABOR.**

13 **A47.** The Company's Confidential Schedule 38 identifies advertising material placed during the  
14 year and further segregates those ads that are properly included as an Operating Expense  
15 and those that are promotional, resulting in their exclusion as an operating expense. I  
16 believe the Company's assignment between the two categories is reasonable. However, the  
17 Company has not excluded any company labor from its operating expenses associated with  
18 overseeing and developing the promotional advertisements.<sup>10</sup> It is reasonable to conclude  
19 that some Company labor is involved in placing those ads whose direct costs are excluded  
20 from recovery in the ARM proceeding. The pro-rata labor associated with the development  
21 and/or oversight of promotional or goodwill ad placements should be excluded from

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<sup>9</sup> Piedmont Confidential Schedule 42.

<sup>10</sup> See Company's Response to Consumer Advocate DR No. 2-17(f).

1 recovery. The Company should develop a reasonable method to allocate or estimate such  
2 costs for exclusion as an operating expense in the next ARM filing.

3 **Q48. TURN TO YOUR FOURTH RECOMMENDATION REGARDING THE CHANGE**  
4 **IN THE NORTH CAROLINA STATE TAX RATE AND ITS IMPLICATIONS ON**  
5 **THE ADIT BALANCE IN THIS CASE.**

6 **A48.** In TPUC Docket No. 18-00040 the Commission endorsed the use of a composite tax rate  
7 for purposes of identifying the level of ADIT properly attributed to Piedmonts' Tennessee  
8 operations. This composite rate is the weighted average state tax rate among Piedmonts'  
9 operating jurisdictions. The matching principle requires the use of the same tax rate to  
10 measure Income Tax Expense (or excise in the case of Tennessee) and the related balance  
11 of ADIT within the ratemaking process. The implications of the use of a composite rate  
12 are that Excise Tax Expense is lower in Tennessee than it otherwise would be since the  
13 composite tax rate of 3.46% is lower than Tennessee excise tax rate of 6.5%. Likewise,  
14 Piedmont's Rate Base is higher with the use of a composite tax rate since the resulting  
15 balance of ADIT is lower with the use of the lower composite tax rate. The important point  
16 to understand is that absent regulatory intervention, the adoption of a lower state tax rate  
17 in North Carolina may increase the Rate Base in Tennessee, resulting from the write-down  
18 of the ADIT balance. This apparently occurred within the HBP, despite the fact that the  
19 tax rate changes are not scheduled to occur until 2025<sup>11</sup>. I am recommending the Company  
20 address the implications of this changing tax rate on the balance of ADIT recognized in the  
21 current ARM proceeding, what accounting entries the Company made to recognize this tax

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<sup>11</sup> See Response 3 to the Fourth Informal Data Request.

change and an explanation supporting their position that such changes in the ADIT balance be reflected in this ARM filing.

**Q49. WERE ACCOUNTING ENTRIES MADE IN THE HBP ASSOCIATED WITH THE NORTH CAROLINA STATE TAX RATE CHANGE?**

**A49.** Yes. As reflected in Response 3 to the Consumer Advocate's Fourth Informal Discovery Request the company states as follows:

*The ADIT balances in codes AT\_Oth\_282\_ST\_SEDIT and AT\_Oth\_282\_SEDIT represent the estimated reduction in 282 ADIT for the forthcoming NC rate decrease that is scheduled to begin in 2025 and decrease through 2030.*

An outstanding issue is whether the balances in these accounts were applied to Piedmont's entire book/tax timing differences, including those applicable to Tennessee operations. If this is true, then this liability balance includes amounts of Income Tax expense reflected on the books of Piedmont-Tennessee that will never be paid to taxing authorities. This is an issue that should be addressed in a future proceeding.

**Q50. IS THE COMPANY REQUIRED TO NOTIFY THE COMMISSION AND THE CONSUMER ADVOCATE OF ANY TAX RATE CHANGES?**

**A50.** Yes. The text below is contained in the Company's tariff in its Schedule 318:

State Excise Tax Expense shall be computed using the Company's composite state tax rate in effect December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses herein including synchronized interest on debt. The Company shall notify the Commission and the Consumer Advocate of any change in the state tax rates which comprise the Company's composite state tax rate.

**Q51. WAS THE CONSUMER ADVOCATE NOTIFIED OF THE CHANGE IN THE NORTH CAROLINA STATE TAX RATE?**

**A51.** Not to my knowledge.

**Q52. DO YOU BELIEVE THAT SUCH NOTIFICATION WAS REQUIRED RELATED TO A TAX RATE CHANGE THAT WILL NOT BE EFFECTIVE UNTIL 2025?**

**A52.** Yes. The notification should have occurred if, in reliance of the tax rate change, the Company made accounting entries on its books that impacts the revenue requirement of its Tennessee operations. It appears that the Company made accounting entries impacting Tennessee jurisdictional operations from a review of the information contained in various tabs with the Company's response to Consumer Advocate DR No. 1-9.

**Q53. SHOULD RATEPAYERS BE HELD HARMLESS FROM THE IMPLICATIONS OF ANY JOURNAL ENTRIES THAT WERE MADE IN THE HBP IMPACTING TENNESSEE REVENUE REQUIREMENTS, IF IT IS LATER DETERMINED THAT A PORTION OF SUCH PROCEEDS SHOULD ACCRUE TO THE BENEFIT OF TENNESSEE RATEPAYERS?**

**A53.** Yes.

**Q54. WHAT ARE YOUR PRACTICAL CONCERNS WITH THE TAX RATE CHANGE IN ANOTHER STATE?**

**A54.** My concern is with the prospect that Piedmont's Tennessee ratepayers may have compensated the company for future tax payments that will never be made by the Company. Recall that taxes included in ratemaking process are based upon a higher "accrued" expense rather than based upon taxes paid (lower) in any given year. If accrued,

1 but unpaid, taxes represented by balances in ADIT are overstated because of a tax change,  
2 these proceeds should be returned to ratepayers. This same concept is the reason state  
3 regulatory bodies addressed the implications of the Tax Cuts and Jobs Act of 2017, in  
4 which the federal tax rate was reduced from 35% to 21%.

5 **Q55. DO YOU HAVE ANY FINAL COMMENTS ON THIS ISSUE?**

6 **A55.** Yes. This is a complex issue that requires further investigation before any conclusions can  
7 be reached regarding the appropriate revenue requirement treatment associated with this  
8 tax rate change. This issue should be set aside for resolution in the next ARM filing, or be  
9 investigated in a separate proceeding.

10 **Q56. DOES THIS CONCLUDE YOUR TESTIMONY?**

11 **A56.** Yes.

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

**IN RE:**

**PETITION OF PIEDMONT NATURAL  
GAS COMPANY, INC. FOR APPROVAL  
OF ITS 2023 ANNUAL REVIEW OF  
RATES MECHANISM PURSUANT TO  
TENN. CODE ANN. § 65-5-103(d)(6)**

**DOCKET NO. 23-00035**

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**AFFIDAVIT**

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I, David Dittmore, on behalf of the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

David N. Dittmore  
**DAVID N. DITTEMORE**

Sworn to and subscribed before me  
this 31<sup>st</sup> day of July, 2023.

Terra Allen

**NOTARY PUBLIC**



My commission expires: January 31, 2027.

David Dittmore

Experience

**Areas of Specialization**

Approximately thirty-years experience in evaluating and preparing regulatory analysis, including revenue requirements, mergers and acquisitions, utility accounting and finance issues and public policy aspects of utility regulation. Presented testimony on behalf of my employers and clients in natural gas, electric, telecommunication and transportation matters covering a variety of issues.

Self-Employed; **Consultant July 1 - Current**; Responsible for providing evaluation of utility ratemaking issues on behalf of clients. Prepare analysis and expert witness testimony.

Tennessee Attorney General's Office; **Financial Analyst September, 2017 – June 2021**; Responsible for evaluation of utility proposals on behalf of the Attorney General's office including water, wastewater and natural gas utility filings. Prepare analysis and expert witness testimony documenting findings and recommendations.

Kansas Gas Service; **Director Regulatory Affairs 2014 - 2017; Manager Regulatory Affairs, 2007 - 2014**

Responsible for directing the regulatory activity of Kansas Gas Service (KOS), a division of ONE Gas, serving approximately 625,000 customers throughout central and eastern Kansas. In this capacity I have formulated strategic regulatory objectives for KOS, formulated strategic legislative options for KOS and led a Kansas inter-utility task force to discuss those options, participated in ONE Gas financial planning meetings, hired and trained new employees and provided recommendations on operational procedures designed to reduce regulatory risk. Responsible for the overall management and processing of base rate cases (2012 and 2016). I also played an active role, including leading negotiations on behalf of ONE Gas in its Separation application from its former parent, ONEOK, before the Kansas Corporation Commission. I have monitored regulatory earnings, and continually determine potential ratemaking outcomes in the event of a rate case filing. I ensure that all required regulatory filings, including surcharges are submitted on a timely and accurate basis, I also am responsible for monitoring all electric utility rate filings to evaluate competitive impacts from rate design proposals.

Strategic Regulatory Solutions; 2003 -2007

**Principal**; Serving clients regarding revenue requirement and regulatory policy issues in the natural gas, electric and telecommunication sectors

Williams Energy Marketing and Trading; 2000-2003

**Manager Regulatory Affairs**; Monitored and researched a variety of state and federal electric regulatory issues. Participated in due diligence efforts in targeting investor owned electric utilities for full requirement power contracts. Researched key state and federal rules to identify potential advantages/disadvantages of entering a given market.

MCI WorldCom; 1999 - 2000

**Manager, Wholesale Billing Resolution;** Manage a group of professionals responsible for resolving Wholesale Billing Disputes greater than \$SOK. During my tenure, completed disputes increased by over 100%, rising to \$1 50M per year.

Kansas Corporation Commission; 1984- 1999

**Utilities Division Director** - 1997 - 1999; Responsible for managing employees with the goal of providing timely, quality recommendations to the Commission covering all aspects of natural gas, telecommunications and electric utility regulation; respond to legislative inquiries as requested; sponsor expert witness testimony before the Commission on selected key regulatory issues; provide testimony before the Kansas legislature on behalf of the KCC regarding proposed utility legislation; manage a budget in excess of \$2 Million; recruit professional staff; monitor trends, current issues and new legislation in all three major industries; address personnel issues as necessary to ensure that the goals of the agency are being met; negotiate and reach agreement where possible with utility personnel on major issues pending before the Commission including mergers and acquisitions; consult with attorneys on a daily basis to ensure that Utilities Division objectives are being met.

**Asst. Division Director** - 1996 - 1997; Perform duties as assigned by Division Director.

**Chief of Accounting** 1990 - 1995; Responsible for the direct supervision of 9 employees within the accounting section; areas of responsibility included providing expert witness testimony on a variety of revenue requirement topics; hired and provided hands-on training for new employees; coordinated and managed consulting contracts on major staff projects such as merger requests and rate increase proposals;

**Managing Regulatory Auditor, Senior Auditor, Regulatory Auditor** 1984 - 1990; Performed audits and analysis as directed; provided expert witness testimony on numerous occasions before the KCC; trained and directed less experienced auditors on-site during regulatory reviews.

Amoco Production Company 1982 - 1984

**Accountant** Responsible for revenue reporting and royalty payments for natural gas liquids at several large processing plants.

### **Education**

- B.S.B.A. (Accounting) Central Missouri State University
- Passed CPA exam; (Oklahoma certificate # 7562) - Not a license to practice



**Piedmont Natural Gas**  
**Docket No. 23-00035**  
**Summary of Consumer Advocate Revenue Deficiency**

**Exhibit DND-2**

Line No.	Item	Formula, Schedule or Workpaper Reference	[A]		[B]	
			HBP Ending 12/31/22		Annual Base Rate Reset	
1	Rate Base	Exhibit DND-4	\$	1,060,792,745	\$	1,136,976,047
2	Net Operating Income For Return	Exhibit DND-6		65,745,896		57,529,360
3	Earned Rate of Return	L2 / L1		6.20%		5.06%
4	Fair Rate of Return	Exhibits DND-8 & 9		6.88%		6.95%
5	Required Net Operating Income	L4 x L1		72,967,753		79,039,892
6	Net Operating Income Deficiency (Sufficiency)	L5 - L2		7,221,858		21,510,531
7	Gross Revenue Conversion Factor	PNG Schedule 11		1.308173		1.308173
8	<b>Total Revenue Requirement Deficiency (Sufficiency)</b>	L6 x L7	\$	<u><u>9,447,439</u></u>	\$	<u><u>28,139,496</u></u>
9	ARM Rider Recommendation w/ Carrying Charges	Exhibit DND-3		<b>10,202,856</b>		
10	<b>Total Rate Increase Proposal</b>		\$	<u><u>38,342,352</u></u>		

**Piedmont Natural Gas**  
**Docket No. 23-00035**  
**Consumer Advocate Calculation of ARM Carrying Costs**

**Exhibit DND-3**

Line No.	Item	Formula, Schedule or Workpaper Reference	[A]
			<b>Amount</b>
1	Total HBP Revenue Requirement Deficiency (Sufficiency)	DND-2/Line 8	9,447,439
2	Net of Tax Overall Cost of Capital	PNG Schedule 10A, L4 Column [E]	6.40%
3	Annual Carrying Cost	L1 * L2	604,333
4	Monthly Carrying Cost	L 3 / 12	50,361
5	Carrying Cost from July 1 of the HBP through September 30 of year after HBP (15 months)	L4 * 15	755,417
6	HBP Revenue Requirement Deficiency (Sufficiency) plus Carrying Costs	L1 + L5	10,202,856
7	ARM Reconciliation Deferred Account Balance @ March 31 of year after HBP	N/A for this filing	-
8	<b>Amount to be Collected from (or Refunded to) Customers through new ARM Rider Rates</b>	L6 + L7	<b><u>10,202,856</u></b>

**Piedmont Natural Gas**  
**Docket No. 23-00035**  
**Consumer Advocate Pro Forma Rate Base**

**Exhibit DND-4**

Line No.	Item	As Adjusted Amounts Per Piedmont 13 Month Average HBP Balances Ending 12/31/22	Adj. No. 1 <b>Exhibit DND-10</b> Eliminate Non-Cash Items From Cash Working Capital Calculation 1/	Adj. No. 2 <b>Exhibit DND-11</b> Increase ADIT To Eliminate Items Excluded From O&M	Adj. No. 4 <b>Exhibit DND-12</b> Remove Pension Loadings From Rate Base	Total Consumer Advocate Adjustments	As Adjusted Consumer Advocate HBP Balances	Piedmont Base Rate Reset Adjustments	Consumer Advocate As Adjusted Base Rate Reset Rate Base
<b>Net Utility Plant Investment:</b>									
1	Utility Plant in Service	1,678,050,432			(2,126,188)	(2,126,188)	1,675,924,244	96,421,940	1,772,346,184
2	Construction Work in Progress	65,166,960				-	65,166,960	(8,333,705)	56,833,254
3	Accumulated Depreciation	(509,280,216)				-	(509,280,216)	(8,883,054)	(518,163,270)
4	Contributions in Aid of Construction	(5,828,754)				-	(5,828,754)	-	(5,828,754)
5	Accumulated Deferred Income Taxes	<u>(187,216,090)</u>		<u>(1,505,250)</u>		<u>(1,505,250)</u>	<u>(188,721,340)</u>	<u>(3,597,709)</u>	<u>(192,319,049)</u>
6	Total Net Utility Plant Investment	<u>1,040,892,331</u>	<u>-</u>	<u>(1,505,250)</u>	<u>(2,126,188)</u>	<u>(3,631,438)</u>	1,037,260,893	<u>75,607,472</u>	1,112,868,365
<b>Working Capital:</b>									
7	Gas Inventory	16,114,413				-	16,114,413	-	16,114,413
8	Customer Deposits	(4,151,101)				-	(4,151,101)	-	(4,151,101)
9	Accrued Interest on Customer Deposits	(514,209)				-	(514,209)	-	(514,209)
10	Materials & Supplies	485,247				-	485,247	-	485,247
11	Deferred Debits - Hedging	(27,146)				-	(27,146)	-	(27,146)
12	Deferred Debits - Deferred Environmental	1,121,098				-	1,121,098	-	1,121,098
13	Deferred Debits - Deferred Pension	8,155,799				-	8,155,799	-	8,155,799
14	Prepaid Insurance	162,795				-	162,795	-	162,795
15	Fleets & Other Overheads	794,681				-	794,681	-	794,681
16	Accounts Payable Related to CWIP	(9,257,086)				-	(9,257,086)	-	(9,257,086)
17	Accounts Payable Related to M&S	(31,432)				-	(31,432)	-	(31,432)
18	Accrued Vacation	(602,240)				-	(602,240)	-	(602,240)
19	Lead/Lag Study Requirement	<u>14,333,332</u>	<u>(3,339,960)</u> 2/			<u>(3,339,960)</u>	10,993,372	<u>(2,912,817)</u>	<u>8,080,555</u>
20	Total Working Capital	<u>26,584,151</u>	<u>(3,339,960)</u>	<u>-</u>	<u>-</u>	<u>(3,339,960)</u>	<u>23,244,191</u>	<u>(2,912,817)</u>	<u>20,331,374</u>
<b>ARM Regulatory Assets:</b>									
21	ARM Regulatory Asset	<u>287,661</u>				-	<u>287,661</u>	<u>3,488,646</u>	<u>3,776,308</u>
22	<b>Total Rate Base</b>	<u><b>1,067,764,143</b></u>				<u><b>(3,339,960)</b></u>	<u><b>1,060,792,745</b></u>	<u><b>76,183,302</b></u>	<u><b>1,136,976,047</b></u>

1/ Cash Working Capital was not updated for CA adjustments as the impacts on CWC were considered immaterial.

2/ Exhibit DND-10

**Piedmont Natural Gas**  
**Docket No. 23-00035**  
**Consumer Advocate Identification of Adjustments to Operating Income**

**Confidential**  
**Exhibit DND-5**

Line No.	O&M Expense Category	HBP Ending 12/31/22 Piedmont As Adjusted	Exhibit DND-13 Adj. No. 1 Eliminate Depreciation on Trucks not Tennessee	Exhibit DND-14 Adj. No. 2 Eliminate Consulting Costs	Adj. No. 3 Eliminate Costs Associated With Corporate Owned Aircraft	Adj. No. 4 Eliminate Direct Lobbying Related Costs	Adj. No. 5 Eliminate Indirect Lobbying Costs	Adj. No. 6 Eliminate New Environmental Costs	Total CA Adjustments	CA Adjusted HBP
<b>Operating Revenues:</b>										
1	Gas Sales & Transportation Revenues	314,831,894							-	314,831,894
2	Forfeited Discount Revenues	1,273,815							-	1,273,815
3	Other Operating Revenues	2,708,593							-	2,708,593
4	<b>Total Operating Revenue</b>	<b>318,814,301</b>							-	<b>318,814,301</b>
5	Purchased Gas Expense	143,664,839							-	143,664,839
6	<b>Total Margin Operating Revenues</b>	<b>175,149,462</b>							-	<b>175,149,462</b>
1	<b>Other Purchased Gas Expense (excluding payroll)</b>	238,589							-	238,589
2	<b>Gas Storage Expense (excluding payroll)</b>	347,676							-	347,676
3	<b>Transmission Expense (excluding payroll)</b>	2,426,497							-	2,426,497
4	<b>Distribution Expense (excluding payroll)</b>	6,946,046							-	6,946,046
5	<b>Customer Accounts &amp; Service Expense:</b>								-	
6	Uncollectible & Bad Debt Expense (excluding payroll)	552,594							-	552,594
7	Other Customer Accounts & Service Expense(excluding payroll)	3,178,774							-	3,178,774
7	<b>Total Customer Accounts &amp; Service Expense</b>	<b>3,731,367</b>							-	<b>3,731,367</b>
8	<b>Sales Expense (excluding payroll)</b>	360,663							-	360,663
<b>Administrative &amp; General Expense:</b>										
9	Payroll Expenses								(149,306)	19,696,395
10	Employee Salaries and Wages Expense	19,845,701							-	865,914
11	Employee STIP Compensation Expense	865,914							-	
11	Employee LTIP Compensation Expense	-							-	
12	Amortization Expense for Deferred Environmental Costs	135,604							-	135,604
13	Amortization Expense for Deferred Pension Costs	1,482,873							-	1,482,873
14	Expense for Allocated Return on DEBS Assets	461,244							-	461,244
15	Other Pension Expense	-							-	
16	Lobbying Expense, Charitable Contribution, Social Club Membership	-							-	
17	Adjustment	160,141							-	160,141
18	Advertising Expense	17,522,114							(609,448)	16,912,665
18	Other A&G Expense								(758,755)	39,714,836
19	<b>Total A&amp;G Expense</b>	40,473,590		(378,334)	(231,115)				(758,755)	<b>53,765,674</b>
20	<b>Total O&amp;M Expense</b>	<b>54,524,428</b>	-	(378,334)	(231,115)				(758,755)	<b>53,765,674</b>
<b>Other Operating Expenses:</b>										
8	Depreciation Expense	35,773,708	(43,903)						(43,903)	35,729,804
9	Amortization Expense for ARM Regulatory Asset	-							-	-
10	Amortization Expense for Investment Tax Credit	(8,087)							-	(8,087)
11	General Tax Expense	12,637,182							-	12,637,182
12	State Excise Tax Expense	1,811,368							-	1,843,891
13	Federal Income Tax Expense	9,479,869							-	190,566
14	<b>Total Other Operating Expenses</b>	<b>59,694,040</b>	(43,903)	-	-	-	-	-	179,186	<b>59,873,226</b>
15	<b>Total Operating Expenses</b>	<b>114,218,468</b>							-	<b>113,638,899</b>
16	<b>Net Operating Income</b>	<b>60,930,994</b>							<b>579,569</b>	<b>61,510,563</b>
<b>Adjustments to Net Operating Income:</b>										
17	AFUDC - Debt	1,283,789							-	1,283,789
18	AFUDC - Equity	3,199,698							-	3,199,698
19	Interest on Customer Deposits	(248,154)							-	(248,154)
20	<b>Total Adjustments to Net Operating Income</b>	<b>4,235,333</b>							-	<b>4,235,333</b>
21	<b>Net Operating Income For Return</b>	<b>65,166,327</b>							<b>579,569</b>	<b>65,745,896</b>

**Piedmont Natural Gas**  
**Docket No. 23-00035**  
**Consumer Advocate Calculation of Net Operating Income**  
**Historic Base Period and Rate Reset**

**Exhibit DND-6**

Line No.	(A) Piedmont Schedule 10 Col C HBP Ending 12/31/22	(B) Exhibit DND-5 C.A. Adjustments to HBP	C (A+B) Consumer Advocate Adjusted HBP	(D) Piedmont Sched. 9 Col. C Piedmont Rate Reset Adjustments	E Exhibit DND-7 CA Rate Reset Adjustments	(F) CA As Adjusted Annual Base Rate Reset	
<b>Operating Revenues:</b>							
1	Gas Sales & Transportation Revenues	314,831,894	314,831,894	(60,654,721)		254,177,173	
2	Forfeited Discount Revenues	1,273,815	1,273,815	-		1,273,815	
3	Other Operating Revenues	2,708,593	2,708,593	(194,308)		2,514,285	
4	<b>Total Operating Revenue</b>	318,814,301	318,814,301	(60,849,029)		257,965,272	
5	Purchased Gas Expense	143,664,839	143,664,839	(54,225,686)		89,439,153	
6	<b>Total Margin Operating Revenues</b>	175,149,462	175,149,462	(6,623,343)		168,526,120	
7	<b>Operating &amp; Maintenance Expenses</b>	54,524,428	(758,755)	53,765,674	335,303	(335,303)	53,765,674
<b>Other Operating Expenses:</b>							
8	Depreciation Expense	35,773,708	(43,903)	35,729,804	4,607,472		40,337,277
9	Amortization Expense for ARM Regulatory Asset	-		-	75,154		75,154
10	Amortization Expense for Investment Tax Credit	(8,087)		(8,087)	-		(8,087)
11	General Tax Expense	12,637,182		12,637,182	-		12,637,182
12	State Excise Tax Expense	1,811,368	32,523	1,843,891	(540,298)	12,114	1,315,707
13	Federal Income Tax Expense	9,479,869	190,566	9,670,435	(3,165,803)	70,978	6,575,610
14	<b>Total Other Operating Expenses</b>	59,694,040	179,186	59,873,226	976,525	83,092	60,932,843
15	<b>Total Operating Expenses</b>	114,218,468	(579,569)	113,638,899	1,311,829	(252,212)	114,698,517
16	<b>Net Operating Income</b>	60,930,994	579,569	61,510,563	(7,935,172)	252,212	<b>53,827,603</b>
<b>Adjustments to Net Operating Income:</b>							
17	AFUDC - Debt	1,283,789		1,283,789	(44,824)		1,238,965
18	AFUDC - Equity	3,199,698		3,199,698	(488,751)		2,710,946
19	Interest on Customer Deposits	(248,154)		(248,154)	-		(248,154)
20	<b>Total Adjustments to Net Operating Income</b>	4,235,333		4,235,333	(533,576)		3,701,757
21	<b>Net Operating Income For Return</b>	\$ 65,166,327	579,569	65,745,896	(8,468,747)	252,212	<b>57,529,360</b>

**Piedmont Natural Gas  
Docket No. 23-00035  
Calculation of Excise and Income Tax  
Historic Base Period and Rate Reset**

**Exhibit DND-7**

Line No.	Formula, Schedule or Workpaper Reference	(A) Piedmont Sched. 8 HBP Per Piedmont Ending 12/31/22	(B) Exhibit DND 5 C.A. Adjustments	C C.A. Adjusted HBP Results	Exhibit DND-18 C.A. Adjustment To Eliminate New Environmental Costs	(D) Piedmont Annual Base Rate Reset Adjustments	E Annual Base Rate Reset
1	Operating Revenues, Excluding AFUDC	Piedmont Sch 8	\$ 318,814,301	-	318,814,301	\$ (60,849,029)	\$ 257,965,272
2	Operating Expenses:						
3	Purchased Gas Expense	Piedmont Sch 8	143,664,839		143,664,839	(54,225,686)	89,439,153
4	O&M Expense	Piedmont Sch 8	54,524,428	(758,755)	53,765,674	335,303.33	53,765,674
5	Depreciation Expense	Piedmont Sch 8	35,773,708	(43,903)	35,729,804	4,607,472	40,337,277
6	Interest on Customer Deposits	Piedmont Sch 8	248,154		248,154		248,154
7	Amortization Expense for ARM Regulatory Asset	Piedmont Sch 8	-		-	75,154	75,154
8	Amortization of Investment Tax Credit	Piedmont Sch 8	-		-	-	-
9	General Taxes	Piedmont Sch 8	12,637,182		12,637,182	-	12,637,182
	Total Operating Expenses	L2:L8	246,848,311	(802,658)	246,045,653	(49,207,756)	196,502,594
10	NOI Before Excise and Income Taxes	L1 - L9	71,965,990	802,658	72,768,648	(11,641,273)	61,462,678
11	AFUDC debt	Piedmont Sch 8	1,283,789		1,283,789	(44,824)	1,238,965
12	Interest Expense	Piedmont Sched 10	(21,032,669)	137,322	(20,895,347)	(3,914,653)	(24,810,000)
13	Permanent Tax Differences	Schedule 52AA	134,557		134,557	-	134,557
14	Net Income Before Income Taxes	L:10-L13	52,351,667	939,979	53,291,647	(15,600,750)	38,026,200
Tennessee Excise Tax Calculation:							
15	Net Income Before Income Taxes	L14	52,351,667	939,979	53,291,647	(15,600,750)	38,026,200
16	Composite State Excise Tax Rate	Piedmont Sch 11	3.46%	3.46%	3.46%	3.46%	3.46%
17	Excise Tax Expense	L15 x L16	1,811,368	32,523	1,843,891	(539,786)	1,315,707
Federal Income Tax Calculation:							
18	Net Income Before Income Taxes	L14	52,351,667	939,979	53,291,647	(15,600,750)	38,026,200
19	State Excise Tax Expense	L17	1,811,368	32,523	1,843,891	(539,786)	1,315,707
20	Net Income Before Federal Income Tax	L18-L19	50,540,300	907,456	51,447,756	(15,060,964)	36,710,493
21	Federal Income Tax Rate	Piedmont Sch 11	21.00%	21.00%	21%	21.00%	21.00%
22	Federal Income Tax Expense, Pre-Adjusted	L20xL21	10,613,463	190,566	10,804,029	(3,162,802)	7,709,204
23	Annual EDIT Amortization Expense for Protected PPE	Piedmont Sch 52X	1,133,594	-	1,133,594	-	1,133,594
24	Net Federal Income Tax Expense	L22-L23	9,479,869	190,566	9,670,435	(3,162,802)	6,575,610

**Piedmont Natural Gas  
Docket No. 23-00035  
Rate of Return  
Historic Base Period**

**Exhibit DND-8**

Line No.		Piedmont Schedules Formula, Schedule or Worksheet Reference	[A] HBP 13-Month Avg Percent of Total	[B] Applicable Cost Rate	[C] = [A * B] (Fair ROR) Pre-Tax Overall Cost of Capital	[D] Tax Factor	[E] = [C * D] Net of Tax Overall Cost of Capital
	<b>Class Cost of Capital:</b>						
1	Short-Term Debt	Schedule 52Y	4.55%	1.82%	0.08%	0.755400	0.06%
2	Long-Term Debt	Schedule 52Y	45.36%	4.16%	1.89%	0.755400	1.43%
3	Common Equity	Schedule 52Y	50.09%	9.80%	4.91%	1.000000	4.91%
4	<b>Total</b>	L1 + L2 + L3	<b>100.00%</b>		<b>6.88%</b>		<b>6.40%</b>
	<b>Interest Expense of Debt for HBP Reconciliation:</b>						
5	Rate Base	Exhibit DND-4	1,060,792,745				
6	Short-Term Debt Interest Expense	L1, Col C x L5	878,442				
7	Long-Term Debt Interest Expense	L2, Col C x L5	20,016,905				
8	<b>Total Interest Expense</b>	L6 + L7	<b>20,895,347</b>				
	<b>Return on Equity Calculation for HBP Reconciliation:</b>						
9	Total Rate Base	Exhibit DND-4	\$ 1,060,792,745				
10	Equity Portion of Rate Base	Line 3	50.09%				
11	Equity Rate Base	L9 * L10	531,351,086				
12	Net Operating Income for Return	Exhibit DND-6	65,745,896				
13	Interest Expense	L6 + L7	20,895,347				
14	Net Equity Income for Return	L12 - L13	44,850,549				
15	<b>Earned Return on Equity</b>	L14 / L11	<b>8.44%</b>				
16	<b>Earned Rate of Return</b>	L12/L9	<b>6.20%</b>				

**Piedmont Natural Gas  
Docket No. 23-00035  
Rate of Return  
Rate Reset Period**

**Exhibit DND-9**

Line No.		Piedmont Sched Ref Formula, Schedule or Workpaper Reference	[A] <b>End of HBP Percent of Total</b>	[B] <b>Cost Rate</b>	[C] = [A * B] <b>(Fair ROR) Pre-Tax Overall Cost of Capital</b>	[D] <b>Tax Factor</b>	[E] = [C * D] <b>Net of Tax Overall Cost of Capital</b>
	<b>Class Cost of Capital:</b>						
1	Short-Term Debt	Schedule 52Y	6.81%	4.52%	0.31%	0.755400	0.23%
2	Long-Term Debt	Schedule 52Y	44.52%	4.21%	1.87%	0.755400	1.42%
3	Common Equity	Schedule 52Y	48.67%	9.80%	4.77%	1.000000	4.77%
4	<b>Total</b>	L1 + L2 + L3	<b>100.00%</b>		<b>6.95%</b>		<b>6.42%</b>
	<b>Interest Expense of Debt for Annual Base Rate Reset:</b>						
5	Rate Base	Exhibit DND-4	1,136,976,047				
6	Short-Term Debt Interest Expense	L1, Col [C] x L5	3,499,749				
7	Long-Term Debt Interest Expense	L2, Col [C] x L5	21,310,251				
8	<b>Total Interest Expense</b>	L6+L7	<b>24,810,000</b>				
	<b>Return on Equity Calculation for Annual Base Rate Reset:</b>						
9	Total Rate Base	Exhibit DND-4	1,136,976,047				
10	Equity Portion of Rate Base	Line 3	48.67%				
11	Equity Rate Base	L9 * L10	553,366,242				
12	Net Operating Income for Return	Exhibit DND-6	57,529,360				
13	Interest Expense	L8	24,810,000				
14	Net Equity Income for Return	L12 - L13	32,719,360				
15	<b>Earned Return on Equity</b>	L14 / L11	<b>5.91%</b>				
16	<b>Earned Rate of Return</b>	L12/L9	<b>5.06%</b>				



**Piedmont Natural Gas**  
**Docket No. 23-00035**  
**Consumer Advocate Calculation of Lead Lag Results**

**Exhibit DND-10**

Line No.	Revenue Lag	Formula, Schedule or Workpaper Reference	HBP Results per Piedmont Ending 12/31/22	Exhibit DND-10.1 CA Adjustment To Remove Non-Cash Items
1	Expense Lead	Piedmont Sched. 4A & 4B	\$ 52.10	52.10
2	Net Lag	Piedmont Sched. 4A & 4B	35.69	35.69
3	Daily Cost of Service	L1 - L2	16.41	16.41
4	<b>Net Cash Working Capital Required</b>	Piedmont Sched. 4A & 4B	\$ 873,464	669,929
5		L3 x L4	<b>\$ 14,333,332</b>	<b>10,993,372</b>
	Adjustment to Reflect the Removal of Non-Cash Items from Cash Working Capital Calculation		<b>Rate Base Adj. No. 1</b>	<b>\$ (3,339,960)</b>

**Piedmont Natural Gas  
2023 ARM Filing  
Docket 23-00035  
Office of Attorney General  
Daily Cost of Service  
For Cash Working Capital**

**Exhibit DND-10.1**

Source: Piedmont Schedule 4B		Piedmont Sch. References Formula, Schedule or Workpaper Reference	HBP Ending 12/31/22	Consumer Advocate Adjustments
Line No.				
	<b>Revenues:</b>			
1	Sales & Transportation Revenues	Schedule 9	\$ 314,831,894	
2	Forfeited Discounts Revenue	Schedule 9	1,273,815	
3	Other Operating Revenues	Schedule 9	2,708,593	
4	<b>Total Revenue Lag</b>	L1:L3	<b>\$ 318,814,301</b>	
	<b>Purchased Gas and O&amp;M Expense:</b>			
5	Purchased Gas	Schedule 9	\$ 143,664,839	
6	Employee Salaries and Wages (Labor Expense)	Schedule 52U	19,845,701	
7	Incentive Pay - STIP	Schedule 52U	865,914	
8	Incentive Pay - LTIP	Schedule 52U	-	
9	Pension & Other Employee Benefits	Schedule 52U	5,932,982	
10	Prepaid Insurance	Schedule 52U	784,477	
11	Fleet Expense	Schedule 52U	2,223,529	
12	Credit Card Expense	Schedule 52U	1,742,913	
13	Virtual Card Expense	Schedule 52U	836,871	
14	Service Company Charges	Schedule 52U	4,542,694	
15	Outside Services	Schedule 52U	2,772,939	
16	Regulatory Amortizations	Schedule 52U	1,618,477	
17	TPUC Fee Expense	Schedule 52U	981,121	
18	Uncollectible (Bad Debt) Expense	Schedule 52U	552,594	
19	Other O&M Expenses	Schedule 52U	11,824,215	
20	<b>Depreciation Expense</b>	Schedule 9	35,773,708	(35,773,708)
	<b>General Taxes:</b>			
21	Gross Receipts Tax	Schedule 7	587,660	
22	Franchise Tax	Schedule 7	3,139,393	
23	Property Tax	Schedule 7	7,528,625	
24	Payroll Tax	Schedule 7	1,381,504	
25	Allocated & Other Taxes	Schedule 7	-	
26	Amortization of Investment Tax Credit	Schedule 9	(8,087)	
	<b>Income Taxes:</b>			
27	State Income Taxes	Schedule 8	1,811,368	
28	Provision for Excess Deferred Income Tax (EDIT)	Schedule 8	1,133,594	
29	Federal Income Taxes	Schedule 8	9,479,869	
30	<b>Interest on Customer Deposits</b>	Schedule 9	248,154	
	<b>Return:</b>			
31	Interest on Long-Term Debt	Schedule 10	20,148,453	
32	Interest on Short-Term Debt	Schedule 10	884,215	
33	Income for Return	Schedule 10	38,516,578	(38,516,578)
34	<b>Total Expense Lag</b>	L5:L33	<b>\$ 318,814,301</b>	<b>(74,290,285)</b>
	Total Expense Lag per Consumer Advocate			\$ 244,524,016
35	<b>Daily Cost of Service</b>	L34 / 365	<b>\$ 873,464</b>	<b>669,929</b>

## Exhibit DND-11

The info used by month corresponds to the months used by Piedmont in identifying ADIT balances within Schedule 18

S	1,505,250
Rate Base Adj. No. 2	

**Piedmont Natural Gas**  
**Docket No. 23-00035**  
**Consumer Advocate Adjustments to Eliminate Capitalized Pension Costs**  
**Source: CA DR 2-2 Attachment; Schedule 36**

**Exhibit DND-12**

<b>Line No.</b>	<b><u>Response:</u> <u>Benefits</u></b>	<b>CA Attachment 2-2 2022 Benefits</b>	<b>Schedule 36 Less Pension Expense Removed</b>	<b>Net Pension Capitalized</b>
1	Medical/Dental (Active)	\$ 17,993,418		
2	Retirement Savings Plan (RSP)	12,551,622		
3	Retiree Health & Life (OPEB)	392,253		
4	LTD Medical & Salary Continuation (FAS 112)	3,579,371		
5	Pension	5,126,679	(3,000,491)	2,126,188
6	Other Benefits & Admin Expenses	426,408		
7	<b>Grand Total</b>	<b>\$ 40,069,751</b>	<b>\$ (3,000,491)</b>	<b>\$ 2,126,188</b>

Piedmont Natural Gas  
Docket No. 23-00035  
Consumer Advocate Adjustment  
To Eliminate Depreciation Expense on Work Trucks  
Physically Located in NC/SC but Allocated to TN

Exhibit DND-13

Source 1-53, and Schedule 14

To eliminate depreciation on trucks physically located in either NC or SC, and Directly assigning TN trucks 100% to TN
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Lime No.	Item	TN Allocation Ratio	PNG 3-State JP	TN Allocated 3-State JP	Annual Dep Expense
1	29240 Transportation- 3 Year Meter	16.25%	104,284	16,946	3,672
2	29241 Transportation - 5 Year Rural	16.25%	828,717	134,666	21,547
3	29242 Transportation - 7 Year Urban Use	16.25%	1,013,483	164,691	29,975
4	29243 Transportation - 10 Year Heavy Duty	16.25%	130,042	21,132	1,796
5	29244 Transportation - 15 Year Trailers & Other	16.25%	21,889	3,557	640
6	Total Joint Transportation Equipment Depreciation Expense				
7	Charged to the Tennessee jurisdiction.				57,630
8	Less: Tennessee Based Trucks that should be Direct Assigned but are identified				
9	as Joint Property				
10	Chevy Equinox		32,044	0.2167	(6,944)
11	Chevy Equinox		31,300	0.2167	(6,783)
12	Total Adjustment				<u>43,903</u>

3 State Transportation Assets

Utility Account	Work Order Number	Work Order Description	In-Service Date	State	Balance @ 12/31/2022	Business Purpose
29211 - Trucks 1/2 & 3/4 Ton	0152247	#18017 2018 Chevy Equinox	3/1/2019	North Carolina	31,569.04	METER READER SERVICES
29211 - Trucks 1/2 & 3/4 Ton	0152248	#18023 2018 Chevy Equinox	3/1/2019	North Carolina	31,300.91	METER READER SERVICES
29211 - Trucks 1/2 & 3/4 Ton	0251570	#18022 2018 Chevy Equinox	3/1/2019	North Carolina	30,938.03	METER READER SERVICES
29211 - Trucks 1/2 & 3/4 Ton	0651383	#18025 2018 Chevy Equinox	3/1/2019	North Carolina	31,300.91	METER READER SERVICES
29211 - Trucks 1/2 & 3/4 Ton	0751703	#18018 2018 Chevy Equinox	3/1/2019	South Carolina	31,217.42	METER READER SERVICES
29211 - Trucks 1/2 & 3/4 Ton	0751704	#18021 2018 Chevy Equinox	3/1/2019	South Carolina	31,211.52	METER READER SERVICES
29211 - Trucks 1/2 & 3/4 Ton	0851451	#18024 2018 Chevy Equinox	3/1/2019	South Carolina	31,211.52	METER READER SERVICES
29211 - Trucks 1/2 & 3/4 Ton	0951493	#18010 2018 Chevy Equinox	3/1/2019	South Carolina	31,569.04	OPERATIONS QUALIFICATIONS
29211 - Trucks 1/2 & 3/4 Ton	1151525	#18012 2018 Chevy Equinox	3/1/2019	North Carolina	30,807.14	NG TRAINING
29211 - Trucks 1/2 & 3/4 Ton	1751961	#18001 2018 Freightliner CNG Dump	1/1/2019	North Carolina	135,090.06	CUSTOMER FIELD OPERATIONS
<b>29211 - Trucks 1/2 &amp; 3/4 Ton Total</b>					<b>416,215.89</b>	
29240 - PNG GAS TRANSP-3 YR MTR RD	TRF47156	TRANSFER	1/1/2013	North Carolina	40,939.01	
29211 - Trucks 1/2 & 3/4 Ton	1752107	#18014 2018 Chevy Equinox	3/1/2019	Tennessee	32,044.22	METER READER SERVICES
29211 - Trucks 1/2 & 3/4 Ton	1752108	#18019 2018 Chevy Equinox	3/1/2019	Tennessee	31,300.91	METER READER SERVICES
<b>29240 - PNG GAS TRANSP-3 YR MTR RD Total</b>					<b>104,284.14</b>	
29241 - PNG GAS TRANSP - 5 YR RURAL	0251569	#18020 2018 Chevy Equinox	8/1/2020	North Carolina	31,569.04	METER READER SERVICES
29241 - PNG GAS TRANSP - 5 YR RURAL	0651384	#18026 Chevy Colorado 4x2	3/1/2019	North Carolina	35,403.87	NG TRAINING
29241 - PNG GAS TRANSP - 5 YR RURAL	1751963	#18003 2018 Freightliner CNG O&M	2/1/2019	North Carolina	170,618.60	CUSTOMER FIELD OPERATIONS
29241 - PNG GAS TRANSP - 5 YR RURAL	1751964	#18004 2018 Freightliner CNG O&M	1/1/2019	North Carolina	170,618.60	CUSTOMER FIELD OPERATIONS
29241 - PNG GAS TRANSP - 5 YR RURAL	1751965	#18005 2018 Freightliner CNG O&M	1/1/2019	North Carolina	170,618.60	CUSTOMER FIELD OPERATIONS
29241 - PNG GAS TRANSP - 5 YR RURAL	2351539	#18015 2018 Chevy Equinox	3/1/2019	North Carolina	30,807.14	METER READER SERVICES
29241 - PNG GAS TRANSP - 5 YR RURAL	2451525	#18008 2018 Chevy Equinox	3/1/2019	North Carolina	30,801.78	METER READER SERVICES
29241 - PNG GAS TRANSP - 5 YR RURAL	2551545	#18016 2018 Chevy Equinox	3/1/2019	North Carolina	30,938.03	METER READER SERVICES
29241 - PNG GAS TRANSP - 5 YR RURAL	2551546	#18031 2018 Ford F-150	8/1/2020	North Carolina	47,581.38	CUSTOMER FIELD OPERATIONS
29241 - PNG GAS TRANSP - 5 YR RURAL	2751479	#18007 2018 Chevy Equinox	3/1/2019	North Carolina	32,986.40	CUSTOMER FIELD OPERATIONS
29241 - PNG GAS TRANSP - 5 YR RURAL	TRF47156	TRANSFER	12/31/2007	North Carolina	4,115.70	
29241 - PNG GAS TRANSP - 5 YR RURAL	TRF47156	TRANSFER	11/1/2010	North Carolina	29,000.27	
29241 - PNG GAS TRANSP - 5 YR RURAL	TRF47156	TRANSFER	4/1/2012	North Carolina	43,657.46	
<b>29241 - PNG GAS TRANSP - 5 YR RURAL Total</b>					<b>828,716.87</b>	
29242 - PNG GAS TRANSP - 7 YR URBAN	0152244	#18009 2018 Chevy Equinox	3/1/2019	North Carolina	31,298.77	NG TRAINING
29242 - PNG GAS TRANSP - 7 YR URBAN	0152245	#18011 2018 Chevy Equinox	3/1/2019	North Carolina	31,300.91	NG TRAINING
29242 - PNG GAS TRANSP - 7 YR URBAN	1751960	#18000 2018 Freightliner CNG Dump	1/1/2019	North Carolina	97,108.88	CUSTOMER FIELD OPERATIONS
29242 - PNG GAS TRANSP - 7 YR URBAN	1751962	#18002 2018 Freightliner CNG Dump	1/1/2019	North Carolina	135,461.41	CUSTOMER FIELD OPERATIONS
29242 - PNG GAS TRANSP - 7 YR URBAN	2151558	#18030 2018 Ford Transit 250 van	3/1/2019	North Carolina	76,911.13	CUSTOMER FIELD OPERATIONS
29242 - PNG GAS TRANSP - 7 YR URBAN	TRF47156	TRANSFER	5/31/2006	North Carolina	22,849.05	
29242 - PNG GAS TRANSP - 7 YR URBAN	TRF47156	TRANSFER	11/30/2008	North Carolina	16,362.33	
29242 - PNG GAS TRANSP - 7 YR URBAN	TRF47156	TRANSFER	8/1/2010	North Carolina	4,942.20	
29242 - PNG GAS TRANSP - 7 YR URBAN	TRF47156	TRANSFER	2/1/2011	North Carolina	28,098.04	
29242 - PNG GAS TRANSP - 7 YR URBAN	TRF47156	TRANSFER	6/1/2011	North Carolina	45,167.13	
29242 - PNG GAS TRANSP - 7 YR URBAN	TRF47156	TRANSFER	2/1/2012	North Carolina	46,555.12	
29242 - PNG GAS TRANSP - 7 YR URBAN	TRF47156	TRANSFER	6/1/2012	North Carolina	41,801.71	
29242 - PNG GAS TRANSP - 7 YR URBAN	TRF47156	TRANSFER	2/1/2013	North Carolina	94,610.71	
29242 - PNG GAS TRANSP - 7 YR URBAN	TRF47156	TRANSFER	3/1/2013	North Carolina	40,291.63	
29242 - PNG GAS TRANSP - 7 YR URBAN	TRF47156	TRANSFER	7/1/2013	North Carolina	42,914.36	
29242 - PNG GAS TRANSP - 7 YR URBAN	TRF47156	TRANSFER	10/1/2015	North Carolina	99,702.52	
29242 - PNG GAS TRANSP - 7 YR URBAN	TRF47156	TRANSFER	3/1/2019	North Carolina	66,571.26	
29211 - Trucks 1/2 & 3/4 Ton	2151556	#18028 2018 Ford Transit 250 van	3/1/2019	North Carolina	45,610.22	CUSTOMER FIELD OPERATIONS
29211 - Trucks 1/2 & 3/4 Ton	2151557	#18029 2018 Ford Transit 250 Van	3/1/2019	North Carolina	45,925.76	CUSTOMER FIELD OPERATIONS
<b>29242 - PNG GAS TRANSP - 7 YR URBAN Total</b>					<b>1,013,483.14</b>	
29243 - PNG GAS TRANSP - 10 YR HD	TRF47156	TRANSFER	11/30/2006	North Carolina	120,000.00	
29243 - PNG GAS TRANSP - 10 YR HD	TRF47156	TRANSFER	8/1/2010	North Carolina	10,041.90	
<b>29243 - PNG GAS TRANSP - 10 YR HD Total</b>					<b>130,041.90</b>	
29244 - PNG GAS-15 YR TRAILER/OTHR	TRF47156	TRANSFER	11/1/2010	North Carolina	12,850.18	
29244 - PNG GAS-15 YR TRAILER/OTHR	TRF47156	TRANSFER	9/1/2016	North Carolina	9,038.35	
<b>29244 - PNG GAS-15 YR TRAILER/OTHR Total</b>					<b>21,888.53</b>	
<b>Grand Total</b>					<b>2,514,630.17</b>	

Exhibit DND-14

Filed Confidentially

Exhibit DND-14.1

Filed Confidentially



Exhibit DND-14.2

Filed Confidentially

Exhibit DND-14.3

Filed Confidentially

Exhibit DND-14.4

Filed Confidentially

Exhibit DND-14.5 part 1

Filed Confidentially

Exhibit DND-14.5 part 2

Filed Confidentially

Exhibit DND-14.6

Filed Confidentially

Piedmont Natural Gas  
Docket No. 23-00035  
Consumer Advocate Adjustment  
Corporate Owned Aircraft

Exhibit DND-15

Piedmont Natural Gas Company Inc  
CAD DR 1-65 Attachment  
Docket No. 23-00035  
Aviation Costs Included in the HBP

Row Labels	Sum of Piedmont	Sum of TN Portion	
<b>0408960</b>	<b>\$ 18,585.62</b>	<b>\$ 3,189.29</b>	
Allocated Payroll Taxes	18,585.62	3,189.29	
<b>0432000</b>	<b>-</b>	<b>-</b>	
Afude Debt Component	-	-	
<b>0920000</b>	<b>338,305.07</b>	<b>58,053.15</b>	
A & G Salaries	338,305.07	58,053.15	
<b>0921100</b>	<b>42,765.30</b>	<b>7,338.52</b>	
Employee Expenses	42,765.30	7,338.52	
<b>0921200</b>	<b>507,739.82</b>	<b>87,128.15</b>	
Office Expenses	507,739.82	87,128.15	
<b>0921400</b>	<b>456.19</b>	<b>78.28</b>	
Computer Services Expenses	456.19	78.28	
<b>0921600</b>	<b>201.02</b>	<b>34.49</b>	
Other	201.02	34.49	
<b>0923000</b>	<b>130,674.58</b>	<b>22,423.76</b>	
Outside Services Employed	130,674.58	22,423.76	
<b>0924000</b>	<b>16,753.72</b>	<b>2,874.94</b>	
Property Insurance	16,753.72	2,874.94	
<b>0926600</b>	<b>62,298.24</b>	<b>10,690.38</b>	
Employee Benefits-Transferred	62,298.24	10,690.38	
<b>0930250</b>	<b>18,629.56</b>	<b>3,196.83</b>	
Buy/Sell Transf Employee Homes	18,629.56	3,196.83	
<b>0930940</b>	<b>4.99</b>	<b>0.86</b>	
General Expenses	4.99	0.86	
<b>0417000</b>	<b>(16,811.44)</b>	<b>(2,884.84)</b>	
Misc Revenue	(16,811.44)	(2,884.84)	
<b>Grand Total</b>	<b>\$ 1,119,602.67</b>	<b>\$ 192,123.82</b>	<b>A1 DGAV Detail</b>

Aviation Hanger Costs Allocated to Piedmont for Test Year Jan 2022 - Dec 2022

Row Labels	Sum of Piedmont	Sum of TN Portion	
0931001	\$ 14,378.36	\$ 2,467.33	
<b>Grand Total</b>	<b>\$ 14,378.36</b>	<b>\$ 2,467.33</b>	<b>A2 DGEX Detail</b>

Tennessee Allocated Costs	\$ 194,591.15	Sum A1 + A2
Depreciation expense charged to TN operations in test period	\$ 15,118.51	C
Return on Aviation assets charged to TN operations in test period	\$ 28,779.59	C
Utility Patrol Costs	\$ 17,821.98	B

Total Aviation Costs included in HBP

	<u>\$ (256,311.22)</u>
Less: Utility Patrol Costs	\$ (17,821.98)
Less: Piedmont specific Flights @ \$1,000 per flight	\$ (7,375)
Net Adjustment to Remove Corporate Travel	<u>\$ (231,114.74)</u>

Exhibit DND-15.1

Filed Confidentially



Exhibit DND-16

Filed Confidentially

**State Government Affairs Dir** | Job Code – 4358**JOB SUMMARY****Job Title**

State Government Affairs Dir

**Reports To (Job Title)**

VP Government Affairs

**Job Type**

N/A

**Job Level**

Expert

**SUMMARY**

This position has the responsibility for effectively managing and influencing the relationships with governmental officials and bodies to support the interests of Duke Energy. This position serves as the company's registered lobbyist in the state and is responsible for lobbying activities and influencing the Legislative and state's Executive Branch to advance the strategic objectives of the company and its business units. The position manages state legislative strategy and relationships and coordinates with other companies, statewide businesses, industry organizations, coalitions, and special interest groups to foster and promote the interests of Duke Energy.

**RESPONSIBILITIES**

20%: Provide clear overall direction and guidance to staff and consultants; manage planning and budgeting processes; promote high morale and performance and effective teamwork with others in the department and company.

20%: Ensure that a well-conceived position is established on state issues important to the company's strategic interests and that the position is effectively communicated to the appropriate members of the Legislature, the Executive Branch and their staffs in order to achieve the desired policy outcomes.

25%: Ensure effective relationships with members of the Legislature and of the Executive Branch and their staffs, with a special emphasis on Senate and House leadership and members chairing committees that can affect the company's strategic interests.

15%: Monitor the Legislature and the state Executive Branch; alert, advise, and consult with upper management and the business units about state issues or political developments that could benefit or harm the company; ensure accurate and timely analysis and tracking of relevant legislation.

10%: Direct strategy for initiating grassroots or third-party actions on legislative or environmental issues; coordinate state legislative and environmental strategy with other companies, business and industry organizations, special interest groups; when necessary, create statewide third-party organizations and coalitions to advance the company's interests.

10%: Promote the employees' Political Action Committees to help achieve successful PAC solicitation campaigns and facilitate campaign contributions.

CAD DR 1-14a. Attachment 1 of 5

**ADDITIONAL DETAILS**  
**State Government Affairs Dir** | Job Code – 4358

- An extensive understanding of the state legislative process and the state political arena
- Ability to communicate effectively on complex policy issues and with executive management and with members of the state legislature and their staffs
- Ability to represent the company effectively in influential public forums
- Ability to build relationships people effectively
- Strong initiative
- Sound judgment to operate in fluid situations
- Experience as a registered lobbyist
- Experience working with business groups and grassroots initiatives
- A working knowledge of the electric, natural gas, or telecommunications industry, Utility franchise, and municipalization concepts and strategies
- Effective negotiation skills, Strategic planning development, implementation and tracking
- Strong written and verbal communications skills
- Highly effective interpersonal and influencing skills

**WORKING CONDITIONS**

- Ability to attend early morning, night, and weekend governmental/community meetings
- Ability to travel throughout the state and spend occasional evenings away from home
- Ability to work extended days, particularly during the legislative session
- Requires availability 24/7

**SPECIFIC REQUIREMENTS**

Eligible to register as a legislative lobbyist in the state

**REQUIRED EDUCATION**

Type of Degree	Field of Study
Bachelors	Political Science
Bachelors	Business Management
Bachelors	Business Administration
Bachelors	Communications

**PREFERRED EDUCATION**

Type of Degree	Field of Study
Masters	Business Administration
Doctorate	Law

**REQUIRED WORK EXPERIENCE**

**CAD DR 1-14a. Attachment 1 of 5**

**State Government Affairs Dir** | Job Code – 4358

**PROFESSIONAL CERTIFICATIONS OR LICENSES**

N/A

**Director State Government Affairs and Community Relations** | Job Code – 800031

**JOB SUMMARY**

**Job Title**

Dir State Govt Affairs and Community Relations

**Reports To (Job Title)**

SVP and President, Natural Gas Business

**Job Type**

N/A

**Job Level**

Director

**SUMMARY**

This position is primarily responsible for strategic management of relationships with state and local external stakeholders to ensure that public policy and community support are consistent with and enhance Duke Energy's NGBU corporate strategy. This position is responsible for the strategic management of state-level political relationships (state legislature, state governmental bodies, Attorney General's Office, etc.) and is responsible to ensure that decisions made by political leaders, other policymakers and elected and appointed bodies of state government are consistent with corporate priorities. This position serves as the company's chief state lobbyist (registered where required by law) and manages a team of contract lobbyists that is responsible for lobbying the state legislature and executive branch of state government. Additionally, the position manages local governmental affairs, and supports economic development and business development in Tennessee. This position initiates strategies to educate state and external stakeholders on a wide range of company issues, goals and objectives to positively influence business outcomes, build advocacy, and minimize financial and reputational risks. This position will also be responsible for communication and coordination with our Federal Governmental Affairs Team and the State Governmental Affairs Team across the Duke Energy service territory. This position may also serve in a State legislative support position as "Lobbyist Principal" in some jurisdictions.

The position has the added responsibility for the strategic management of regulatory relationships for the NGBU in Tennessee, primarily with the Tennessee Public Utility Commission in coordination with NGBU regulatory affairs. Furthermore, this position will serve as a key liaison for the NGBU on all state executive branch regulatory issues with regard to federal and state environmental and energy policy in coordination with applicable PNG and DE teams. This position also serves as the lead for the development of state legislative initiatives for the NGBU and is the lead liaison for state legislative policy with the American Gas Association. This position will also be responsible for coordinating with NGBU leadership for involvement with NCSL, SLC and various other public policy related organizations and ensuring strategic participation by the NGBU team.

Additionally, this position manages a team of professional community relations managers whose primary accountability is to build and maintain stakeholder relationships with local government, business, and community leaders in NGBU service territory to ensure that policies adopted by local governments and other decision makers are consistent with Duke Energy's NGBU corporate strategy. This position is also responsible for ensuring that the company's goodwill, image and reputation in local communities are enhanced by the appropriate investment of corporate resources including strategic sponsorships and charitable donations. This position supports economic development strategies and programs that increase revenue by retaining and growing the customer base.

## RESPONSIBILITIES

### **55%: Legislative: Lead and Communicate Company Strategies/ Relationship and Issues Management:**

- Provide resources to effectively develop, execute and communicate strategies so that policies and positions adopted by external stakeholders are aligned with overall company strategy.
- Develop and implement communications strategy for state-level elected and appointed officials.
- Build a team of effective, credible and ethical lobbyists and provide direction and resources that enable this team to effectively represent the Company.
- Develop and implement strategy for grassroots or third-party actions on legislative issues.
- Develop strategy and deploy resources to ensure that the decisions of state-level elected and appointed officials are consistent with and enhance corporate strategy.
- Develop strategy to ensure that state legislation and decisions by state elected and appointed bodies are consistent with corporate priorities
- Anticipate political trends and advise senior management on development of a politically realistic corporate strategy.
- Coordinate strategic involvement of Senior Management in state politics.

### **10%: Local Government and Economic Development:**

- Monitor proposed city and county ordinances for purpose of determining impact to NGBU
- Communicate effectively with key officials on initiatives that advance NGBU objectives and on matters that have potential adverse impacts.
- Develop and maintain relationships with state business and economic development organizations. and community leaders.
- Support Corporate Communications on strategy and crisis communication.
- Support Operations in gaining permits, licenses, easements, franchises and other permissions required from state and local governments. 25%: Ensure effective relationships with members of the Legislature and of the Executive Branch and their staffs, with a special emphasis on Senate and House leadership and members chairing committees that can affect the company's strategic interests.

### **5%: Regulatory: Lead and Communicate Company Strategies/ Relationship and Issues Management:**

- Provide resources to effectively develop, execute and communicate strategies so that policies and positions adopted by external stakeholders are aligned with overall company strategy:
- Support regulatory strategy development in Piedmont's Tennessee jurisdiction. Develop and maintain relationships with regulators and regulatory staffs.
- Develop and implement communications strategy for state-level regulatory officials.

### **5%: Community Outreach and Philanthropy /Duke Energy Foundation and Sports/Entertainment**

- Advise as necessary the strategic use of philanthropic investments to enhance and support the company's interest (i.e. state and community development grant decisions; volunteerism; outreach programs)
- Creates and implements community outreach initiatives and programs to build and strengthen community relations, corporate presence and goodwill, and education and advocacy
- Collaborates with foundation management to develop strategies for philanthropy that benefit the company and the communities it serves, and ensures alignment with corporate foundation guidelines and policies
- Develop and maintain relationships with community leaders.
- Speak on behalf of the Company before civic, political and business groups.

- Serve in positions of leadership on various business and trade organizations.
- Support Corporate Communications on strategy and crisis communication.

**20%: Team Management:**

- Provides direct supervision, consultation, coaching and mentoring support to assigned team
- Develops staff in the areas of individual development plans, training & education, performance improvement, problem/conflict resolution, and managing escalated issues
- Serves and assists the president NGBU in the development and implementation of strategies and initiatives, and the management and resolution of issues
- Provide direct supervision to contract labor.

**5%: Fiscal Management/Compliance:**

- Effective department budget development and management.
- Determines the best use of funds to meet company and department objectives.
- Ensure company funds are allocated and appropriately managed within budget.
- Appropriately consider costs in business decision and issues management.
- Seek best practices and ways to manage funds more effectively and efficiently.
- Ensure compliance with all applicable internal and external reporting requirements.

**ADDITIONAL DETAILS**

- An extensive understanding of the state legislative process and the state political arena
- the ability to communicate effectively on complex policy issues and with executive management and with members of the state legislature and their staffs
- an ability to represent the company effectively in influential public forums
- an ability to build relationships effectively
- strong initiative and sound judgment to operate in fluid situations
- Master's in Business Administration, Legal degree or equivalent
- Experience as a registered lobbyist
- Experience working with business groups and grassroots initiatives
- A working knowledge of the electric, natural gas, or telecommunications industry, Utility franchise, and municipalization concepts and strategies
- Effective negotiation skills, Strategic planning development, implementation and tracking
- Strong written and verbal communications skills
- Highly effective interpersonal and influencing skills

**WORKING CONDITIONS**

- Ability to attend early morning, night, and weekend governmental/community meetings
- Ability to travel throughout the state and spend occasional evenings away from home
- Ability to work extended days, particularly during the legislative session
- Requires availability 24/7

**SPECIFIC REQUIREMENTS**

Eligible to register as a legislative lobbyist in the state

**REQUIRED EDUCATION**

Type of Degree	Field of Study
Bachelors	Political Science
Bachelors	Business Management
Bachelors	Business Administration
Bachelors	Communications

**PREFERRED EDUCATION**

Type of Degree	Field of Study
Masters	Business Administration
Doctorate	Law

**REQUIRED WORK EXPERIENCE**

5 years minimum required related experience

**PROFESSIONAL CERTIFICATIONS OR LICENSES**

N/A



Exhibit DND-17

Filed Confidentially

**VP, Rates & NG Supply** | Job Code – 800005

**JOB SUMMARY**

**Job Title**

VP, Rates & NG Supply

**Reports To (Job Title)**

SVP Natural Gas Business

**Job Type**

Supervisory/Management

**Job Level**

Vice President, Senior Vice President, President or Executive Vice President

**SUMMARY**

The Vice President, Rates & NG Supply has responsibility for developing, communicating, and executing the regulatory strategic plans for Piedmont Natural Gas in TN, NC, and SC, as well as identifying and supporting decision-making on key regulatory strategic issues, developing a comprehensive strategic planning and cost recovery planning framework, including coordination with the legal, regulatory, legislative and accounting teams.

The Vice President, Rates & NG Supply acts as a principal advocate in all regulatory and legislative proceedings. The individual also develops and maintains constructive relationships with regulatory commissions (and their staffs), intervenors, and customer groups that are critical to the Company's financial success. The role supports due diligence activities related to merger activity, as needed; investor relations in developing communications plans for analyst and earnings calls; and other internal business needs for training and regulatory or cost recovery guidance and advice.

Additionally, the Vice President, Rates & NG Supply has oversight over Piedmont Gas Supply Optimization & Pipeline Services and Gas Community Relations.

**RESPONSIBILITIES**

35%: Integrate regional efforts with corporate-wide initiatives and strategy recognizing the applicable laws and regulations across the jurisdiction. Provides corporate-wide focus for efforts relating to compliance with state laws and regulations pertaining to cost recovery. This leader is charged with developing and maintaining relationships with the regulatory agencies to ensure that these plans are approved and implemented in a timely and efficient manner. Responsible for representing, as a witness, the company's position on regulatory matters to elected representatives and their staffs, as well as to officials and staffs in regulatory and other agencies, as needed. May also represent company interests in dealings with trade, industry, or professional organizations (Intervenors) as needed.

35%: Direct the development of a comprehensive regulatory strategy for Piedmont Natural Gas. This includes planning, coordinating and preparing long-term regulatory strategies, in coordination with the financial planning group(s), for the utility to ensure that the Company's performance is maximizing shareholder value while maintaining competitive rates. The incumbent is charged with developing and maintaining relationships with the regulatory agencies to ensure that these plans are approved and implemented in a timely and efficient manner.

10%: Collaborate with various functions within the corporation to establish policy on a variety of complex and technical regulatory matters. Maintains an expertise on relevant state laws and regulatory rules and policies. Conducts internal reviews to evaluate effectiveness of compliance efforts and to identify deficiencies in meeting the organization's expectations on cost recovery matters and regulatory earnings performance. Interacts with government agencies in the conduct of investigations and audits of regulatory and financial matters. Position requires a thorough knowledge of the corporation's business strategies, policies, standards and practices.

10%: Direct the planning, development of regulatory strategy, and execution of utility rate cases, riders and trackers. Also provide direction on interrogatory responses and testimony to support company positions as needed.

5%: Advise Company personnel in the determination of appropriate regulatory strategy for new business initiatives, contracts, and/or regulatory policy changes to ensure favorable regulatory treatment.

5%: Develop organizational bench strength and improve each employee's skills through a combination of coaching, providing feedback, job rotation, cross training, and formal training. Provide one-on-one coaching, develop expectations and write performance appraisals. Ensure that all key work functions have an identified, capable and trained backup. Support corporate-wide training by acting as resource to other internal departments for training on rate and cost recovery matters.

#### **ADDITIONAL DETAILS**

- Regulated experience;
- Strategic planning; Collaborative skills, both internally and externally;
- Effective decision maker; strong leader with ability to see the big picture over the long term
- Experience in a regulated utility operating in Duke Energy's service territories.
- Public accounting, legal or other relevant experience outside of a regulated entity – a commercial perspective.
- Generation, Power Delivery or other operations and budgeting experience would be helpful but not required.

#### **SPECIFIC REQUIREMENTS**

Some years of experience (maybe five or more) should be in a regulated industry.

#### **REQUIRED EDUCATION**

Type of Degree	Field of Study
Bachelors	Accounting
Bachelors	Finance

#### **PREFERRED EDUCATION**

Type of Degree	Field of Study
Masters	Business Administration

**REQUIRED WORK EXPERIENCE**

10 years minimum required related experience

**PROFESSIONAL CERTIFICATIONS OR LICENSES**

Certified Public Accountant

## Executive Profile



**Alexander J (Sasha) Weintraub**  
 Senior Vice President and President  
 Natural Gas Business

As senior vice president and president of Duke Energy's natural gas business, Sasha Weintraub is responsible for the company's regulated natural gas operations in the Carolinas, Ohio, Kentucky and Tennessee. In addition, he leads the gas commercial operations, which includes supply, wholesale marketing, transportation and pipeline services, field customer service, sales and delivery, and business development.

Previously, Weintraub served as Duke Energy's senior vice president of customer solutions. He was responsible for aligning customer-focused products and services to deliver a personalized end-to-end customer experience that positions Duke Energy for long-term growth. His duties included retail programs, enhanced basic services, rate design and analysis, customer regulatory strategy and analytics, and data analytics. He served in this role from 2015 to 2018.

Prior to that, Weintraub served as senior vice president of market solutions. In addition to the above, he was responsible for economic development, large business customers and wholesale power sales for the company. As vice president, fuels and systems optimization, he led the organization responsible for the purchase and delivery of coal, natural gas and oil to Duke Energy's generation fleet, as well as the wholesale trading function related to power and natural gas.

He joined Progress Energy in 1999 and held various leadership roles, including director of business operations and strategic planning, and director of coal marketing and trading. Following the Duke Energy/Progress Energy merger in July 2012, he was named vice president of fuels and systems optimization for Duke Energy.

A native of New York City, Weintraub earned a bachelor's degree in engineering from Rensselaer Polytechnic Institute, a master's degree in engineering from Columbia University and a doctorate degree in engineering from North Carolina State University. He is also a lecturer at the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill.

Weintraub currently serves on the boards of directors of TerraGo and the American Gas Association. He is a board member of Envision Charlotte and Charlotte Hearing and Speech Center. He also serves on the board of trustees for UNC Charlotte. Weintraub has attended several Advanced Management courses at the University of North Carolina at Chapel Hill and Duke University. He also completed an executive nuclear technology course at the Massachusetts Institute of Technology. Weintraub and his wife, Nichelle, have three daughters. They both served on the board of directors for the Cleft Palate Foundation.

*Duke Energy, one of the largest energy holding companies in the United States, supplies and delivers electric services to approximately 8.2 million customers in the Southeast and Midwest. The company also distributes natural gas services to approximately 1.6 million customers in the Carolinas, Ohio, Kentucky and Tennessee. Its commercial business operates a growing renewable energy portfolio across the United States. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 150 company traded on the New York Stock Exchange under the symbol DUK.*



## Executive Profile



**Steven K. Young**  
 Executive Vice President  
 and Chief Commercial Officer

Steve Young serves as executive vice president and chief commercial officer for Duke Energy. He is responsible for commercial renewables, the natural gas business unit, enterprise technology and security, business ventures and development, distributed energy solutions, regulated renewables development, and strategies to transform the company's generation and transmission assets to achieve its net-zero carbon emission goals.

Before assuming his current position in September 2022, Young served as Duke Energy's executive vice president and chief financial officer. He led the financial function, which includes the controller's office, treasury, tax, risk management and insurance, as well as corporate development. These duties include accounting, cash management and overseeing risk control policies.

Young has over 40 years of experience in the energy and finance industries. Before assuming the role of chief financial officer in 2013, he served as Duke Energy's senior vice president, controller and chief accounting officer. Serving in the role of senior vice president and controller since 2006, he took on the added responsibility of chief accounting officer following the merger between Duke Energy and Progress Energy in 2012.

Young joined the company in 1980 as a financial assistant for Duke Power and held leadership roles in several areas including the controller's office, bulk power, and system planning and operations. In 1998, he was appointed vice president of rates and regulatory affairs, with responsibility for Duke Power's regulatory strategies and policies in rate, financial and accounting matters. He was also accountable for the company's interaction with the utility commissions of North Carolina and South Carolina, and the Federal Energy Regulatory Commission. He was named Duke Power's senior vice president and chief financial officer in 2003, group vice president and chief financial officer in 2004, and vice president and controller in 2005.

Young earned a Bachelor of Arts degree in business administration from the University of North Carolina at Chapel Hill. He completed the Advanced Management Program at the Wharton School of Business and the Reactor Technology Course for Utility Executives at the Massachusetts Institute of Technology. He is also a certified public accountant and managerial accountant in North Carolina.

Young serves as co-chair of the Finance Executive Advisory Committee and a member of the CFO Committee of the Edison Electrical Institute. He is a member of the American Institute of Certified Public Accountants, Institute of Managerial Accountants and National Association of Accountants. Young also serves as a member of the boards of directors for the Bechtler Museum of Art and the Charlotte Sports Foundation. He and his wife, Lilly, have a daughter and a son.

*Duke Energy, one of the largest energy holding companies in the United States, supplies and delivers electric services to approximately 8.2 million customers in the Southeast and Midwest. The company also distributes natural gas services to approximately 1.6 million customers in the Carolinas, Ohio, Kentucky and Tennessee. Its commercial business operates a growing renewable energy portfolio across the United States. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 150 company traded on the New York Stock Exchange under the symbol DUK.*



**Piedmont Natural Gas**  
**Docket No. 23-00035**  
**Consumer Advocate Adjustment to Remove Newly Incurred Environmental Costs**

**Exhibit DND-18**

**Source: Piedmont Schedule 33**

	<u>Amount</u>		<u>Description</u>
Deferred Environmental Expense Amortization	\$ 135,604	1/	Previously Approved by the Commission
Plus: Amortization over three years of newly incurred Environmental Costs	<u>\$ 335,303</u>	2/	Piedmont Schedule 33.1
Total Environmental Costs included in HBP	<u>\$ 470,907</u>		
 Less: C.A. Adjustment to remove newly incurred costs	 <u>\$ (335,303)</u>		
 C. A. as adjusted Environmental Costs in HBP	 <b>\$ 135,604</b>		

Piedmont Footnotes

- 1/ As authorized in Docket 20-00086 on an annual basis from January 1, 2021 - December 31, 2023.
- 2/ Incremental expenses incurred between April 1, 2020 and December 31, 2022 amortized over 3 years consistent with the amortization period as allowed in Docket 20-00086. See Schedule 33.1 for the list of invoices for these charges.

Piedmont Natural Gas  
Docket No. 23-00035  
Consumer Advocate Adjustment to Remove Newly Incurred Environmental Costs

Exhibit DND-19

File Name: Schedule 26\_Revenue Changes by Rate Schedule

Description of Schedule: Schedule 26.0 Summary of Margin Revenues Change by Rate Schedule for the Annual Base Rate Reset

Line No.	[A] Revenue Class and Type	Tariff Rate Schedule	[B] Annual Base Rate Reset End of Period Revenues 1/	[C] Revenue Increase (Decrease)		[D] Annual Base Rate Reset Revenues At Proposed Rates	[E] % Change
1	Residential Service Margin	301	97,224,201	16,541,074		113,765,275	17.0%
2	Small General Service Margin	302	42,462,137	7,224,223		49,686,361	17.0%
3	Medium General Service Margin	352	9,673,223	1,645,737		11,318,960	17.0%
4	Large General Sales Service Firm Margin	303	3,081,199	524,214		3,605,413	17.0%
5	Large General Transportation Service Firm Margin	313	5,455,941	928,237		6,384,178	17.0%
6	Sub-Total Large General Service Firm Margin	303 / 313	8,537,139	1,452,452		9,989,591	17.0%
7	Large General Sales Service Interruptible Margin	304	59,978	10,204		70,182	17.0%
8	Large General Transportation Service Interruptible Margin	314	6,776,533	1,152,914		7,929,446	17.0%
9	Sub-Total Large General Service Interruptible Margin	304 / 314	6,836,510	1,163,118		7,999,628	17.0%
10	Resale Service Margin	310	4,810	818		5,629	17.0%
11	<b>Sales &amp; Transportation Margin Revenue</b>		<b>\$ 164,738,020</b>	<b>\$ 28,027,423</b>		<b>\$ 192,765,443</b>	<b>17.0%</b>
12	Sales & Transportation Purchased Gas Revenue	ALL	89,439,153	-		89,439,153	0.0%
13	<b>Sales &amp; Transportation Revenue (Margin + PGA)</b>		<b>\$ 254,177,173</b>	<b>\$ 28,027,423</b>	<b>1/</b>	<b>\$ 282,204,596</b>	
14	Forfeited Discount Revenues Margin	ALL	1,273,815	112,074	<b>2/</b>	1,392,747	0.0%
15	Other Operating Revenues Margin	ALL	2,514,285	-		2,514,285	0.0%
16	<b>Total Operating Revenue (Margin + PGA)</b>		<b>\$ 257,965,272</b>	<b>\$ 28,139,496</b>		<b>\$ 286,111,627</b>	

Footnotes:

1/ Source: PNG Schedule 26

2/

Original PNG Forfeited Discount Revenues  
Divided By Proposed Increase in Base Revenues  
Ratio

118,932 PNG Schedule 26  
29,861,462 PNG Schedule 26  
0.3983%

Multiplied by C.A. Proposed Base Rate Increase  
C.A. Pro-Forma Forfeited Discount Revenue

28,139,496 Exhibit DND-2  
\$ 112,074