

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:

**PETITION OF PIEDMONT NATURAL
GAS COMPANY, INC. FOR APPROVAL
OF ITS 2024 ANNUAL REVIEW OF
RATES MECHANISM PURSUANT TO
TENN. CODE ANN. § 65-5-103(d)(6)**

Docket No. 24-00036

STIPULATION AND SETTLEMENT AGREEMENT

Piedmont Natural Gas Company, Inc. (“Piedmont” or the “Company”) and the Consumer Advocate Division of the Office of the Tennessee Attorney General (“Consumer Advocate”), (hereinafter, individually “Party” and collectively “Parties”) and in full and complete settlement of the matters at issue in this proceeding, do hereby jointly submit to the Tennessee Public Utility Commission (“Commission” or “TPUC”) for its approval this Stipulation and Settlement Agreement (“Settlement Agreement”), along with its supporting exhibits, reflecting the following stipulations and agreement of the Parties:

I. BACKGROUND

1. Piedmont is a public utility incorporated under the laws of the State of North Carolina and is engaged in the business of transporting, distributing, and selling natural gas in Tennessee. Piedmont is a wholly owned subsidiary of Duke Energy Corporation, an electric and natural gas holding company headquartered in Charlotte, North Carolina. Piedmont's principal office and place of business in Tennessee is located at 83 Century Boulevard, Nashville, Tennessee, 37214.

2. Piedmont is a public utility pursuant to the laws of the State of Tennessee, and its public utility operations, including its rates, terms, and conditions of service, are subject to the

jurisdiction of this Commission.

3. The Consumer Advocate is authorized by Tenn. Code Ann. § 65-4-118 to represent the interests of consumers of Tennessee public utility services by intervening and participating as a party in proceedings before the Commission in accordance with the Uniform Administrative Procedures Act and Commission rules.

4. In TPUC Docket No. 21-00135, the Company requested approval to opt into an alternative regulatory method as authorized by Tennessee Code Annotated Section 65-5-103(d)(1)(a). Specifically, Piedmont sought an annual review of rates process as authorized by Tennessee Code Annotated Section 65-5-103(d)(6), with Piedmont's specific annual rate review mechanism referred to therein as an "Annual Review of Rates Mechanism" ("ARRM" or "ARM"). The parties to that docket ultimately had a hearing on an Amendment to the proposed ARM Tariff.¹ After conducting an evidentiary proceeding, the Commission approved the Amendment by its Order Approving Amended Annual Review of Rates Mechanism dated November 1, 2022 ("2022 ARM Order"). Among other things, the approved Piedmont ARM Tariff sets forth an annual process with compliance filings on or before May 20 of each year reflecting the Company's prior calendar year or Historic Base Period ("HBP") operating results and resultant proposed rate adjustments to be effective the following October 1.

5. On May 20, 2024, Piedmont submitted its 2024 Annual ARM Filing, reflecting the initiation of the Company's second annual review pursuant to the approved ARM Tariff and utilizing calendar year 2023 as the HBP. In compliance with the approved ARM Tariff, Piedmont's 2024 Annual ARM Filing included various schedules and the supporting direct testimony of its witnesses Pia Powers, Kally Couzens, Misty Lyons, Keith Goley, and John

¹ Order Approving Amended Annual Review of Rates Mechanism, at 7, TPUC Docket No. 21-00135 (November 1, 2022).

Panizza. The 2024 Annual ARM Filing also included an updated depreciation study of all of Piedmont's utility plant assets supporting its utility operations in Tennessee and proposed new depreciation rates based on the updated depreciation study.² Lastly, the 2024 Annual ARM Filing presented certain proposed tariff changes to the ARM Tariff.

6. The 2024 Annual ARM Filing presented an increase to rates in accordance with calculated revenue deficiency for the Company's cost of service of 13,492,350 plus 1,087,586 in carrying costs for the HBP.³ The 2024 Annual ARM Filing also presented a rate adjustment for the Annual Base Rate Reset Revenue Requirement Deficiency for the same period of \$10,794,329.⁴

7. On June 5, 2024, the Consumer Advocate filed its Petition to Intervene, which was granted by the TPUC in an order dated June 18, 2024. The Consumer Advocate is the only intervenor of record in the Docket.

8. On August 9, 2024, the Consumer Advocate submitted direct expert testimony and supporting exhibits/workpapers from its expert witnesses, Mr. David N. Dittemore and Mr. William H. Novak, which focused on a review of and recommended adjustments to the relief sought by the Company's Petition in its 2024 Annual ARM Filing. The amounts reflected in the Consumer Advocate's testimony excluded the impact of the proposed new depreciation rates incorporated in Company's 2024 Annual ARM Filing.

9. Piedmont has responded to both formal and informal discovery requests from the Consumer Advocate, with the Parties' witnesses and other representatives meeting multiple times

² Of note, such new depreciation rates were utilized in the Company's computation of the Annual Base Rate Reset Revenue Requirement Deficiency in its 2024 Annual ARM Filing.

³ See Column [A] Line 1 and Line 5 of 2024 ARM Filing, Proposed Modified ARM - Schedule No. 12, Carrying Cost and ARM Reconciliation Deferred Account. (May 20, 2024).

⁴ See Column [B] Line 8 of 2024 ARM Filing, Proposed Modified ARM - Schedule No. 1, Results of Operations. (May 20, 2024).

by video conference and phone call to discuss the issues and documentation presented in the Docket.

10. The Parties have engaged in extensive settlement discussions in this matter and have resolved all issues raised by the Parties in this Docket.

11. This Settlement Agreement, as detailed below, calls for recovery of the HBP Reconciliation cost of service of \$13,755,717 plus \$1,121,881 of carrying costs and an increase in the Company's base rates of \$5,451,474 for the Annual Base Rate Reset component of the ARM. These amounts exclude the impact of the proposed new depreciation rates incorporated in Company's 2024 Annual ARM Filing, and the parties are in agreement that consideration of the depreciation study and updated depreciation rates should not be considered as part of this proceeding.

12. For the purpose of avoiding further litigation and resolving this proceeding upon acceptable terms, the Parties have agreed to the settlement terms set forth below, subject to TPUC approval, which the Parties jointly request.

II. SETTLEMENT SPECIFIC TERMS

13. Piedmont accepts the \$722,315 Construction Work in Progress ("CWIP") adjustment of the Consumer Advocate witness, Mr. Novak, resulting in HBP CWIP of \$84,500,478.

14. Piedmont accepts the \$14,573 depreciation expense adjustment of the Consumer Advocate witness, Mr. Novak, resulting in HBP depreciation expense of \$36,444,862.

15. The Consumer Advocate accepts Piedmont's filed position of the HBP Accumulated Deferred Income Taxes ("ADIT") in the amount of (\$197,577,700).

16. Piedmont accepts the Consumer Advocate's witness, Mr. Dittmore's, proposed

utilization of the Composite State Income Tax Rate for Income Tax Expense and ADIT used for the computation of the 2023 HBP Revenue Requirement Deficiency.

17. The Consumer Advocate accepts Piedmont's proposed utilization in this proceeding of the Tennessee Statutory Income Tax Rate for Income Tax Expense and ADIT for the computation of the Annual Base Rate Reset ("ABRR") Revenue Requirement Deficiency. Furthermore, Piedmont will not seek recovery from ratepayers from any claim that its ADIT balance is deficient due to the transition from using the Composite State Income Tax Rate to the Tennessee Statutory Income Tax Rate for its revenue deficiency calculations.

18. The Parties agree that the ABRR Revenue Requirement Deficiency amount, consistent with the above agreed upon changes, shall be \$5,451,474.

19. The Parties agree that the HBP Revenue Requirement Deficiency amount (before Carrying Costs), consistent with the above agreed upon changes, shall be \$13,755,717.

20. The Parties agree that the ARM Tariff language for the ARM Reconciliation Deferred Account Balance for use in the computation of the ARM Rider Rates shall be amended to include the bold and italicized change "...In each Annual ARM Filing, the Company shall propose new ARM Rider Rates based on the current Annual ARM Proceeding's HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs, plus the maximum of the ARM Deferred Account Balance at March 31 of the year after the HBP or any remaining ARM Deferred Account Balance, as appropriate."

21. The Parties agree on the ARM Rider Rates (HBP Surcharge) Rate Design Methodology as described in Consumer Advocate witness, Mr. Novak's, testimony at 20:2-13, and shall be based on the proposed settlement revenue requirement deficiency for the HBP plus carrying costs.

22. The Parties agree on the ABRR Rate Design Methodology as described in Consumer Advocate witness, Mr. Novak's, testimony at 21-25, and shall be based on the proposed settlement revenue requirement deficiency for the ABRR and reflect the Consumer Advocate's rate design approach including modifications for industrial customers.

23. The Parties agree that the red-lined modifications on Exhibit A herein reflecting the use of the Tennessee Statutory Income Tax Rates for the computation of the Income Tax Expense and ADIT for the computation of the HBP Revenue Requirement Deficiency (Sufficiency) and for the computation of the Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency), as well as the application of the "maximum of the ARM Deferred Account Balance...as appropriate", shall be effective for the Company's future Annual ARM Filings.

24. The Parties agree to a Settlement Revenue Requirements Adjustments as reflected above. These adjustments have been agreed to solely for purposes of resolving this matter without litigation, and inclusion of this provision does not reflect the adoption of any methodology regarding the recoverability of such costs by the Parties in future Annual ARM Filings, except as otherwise specified. Notwithstanding the inclusion of this provision in this Settlement Agreement, the Parties reserve their respective rights regarding this issue in future ARM proceedings.

25. The impact of the adjustments described above are reflected on the schedules constituting Exhibit B to this Agreement and are further reflected in the Eighty-Eighth Revised Sheet No. 1 attached hereto as Exhibit C.

III. SETTLEMENT GENERAL TERMS

26. The Settlement Agreement does not address any other issues or adjustments raised by the Consumer Advocate's testimony except those expressly agreed upon within this Settlement Agreement. Any issues or adjustments not expressly addressed in this Settlement Agreement are

reserved by both Parties to be raised in future ARM proceedings.

27. All schedules, pre-filed testimony and exhibits, discovery responses, and other documents filed with the Commission in this Docket are requested to be admitted into evidence without objection, and the Parties waive their right to cross-examine all witnesses with respect to all such pre-filed testimony, exhibits, and schedules. If the Commission requires the presence of witnesses for the final hearing and if the Commissioners desire to question any witness regarding their testimony or this settlement, any Party may present testimony and exhibits to respond to such questions and may cross-examine any witnesses with respect to such testimony and exhibits. The Parties hereby request approval from TPUC for any out-of-town witnesses participate by telephone or video conference to reduce the costs associated with appearing physically for the hearing.

28. The Parties agree to support this Settlement Agreement before the Commission and in any testimony, hearing, proposed order, or brief conducted or filed in this proceeding. The provisions of this Settlement Agreement reflect compromises and acceptance of actions, positions, or policies done solely for the purposes of settlement of this matter. The provisions in this Settlement Agreement do not necessarily reflect the positions asserted by any Party. None of the Parties to this Settlement Agreement shall be deemed to have acquiesced in or agreed to any ratemaking or accounting methodology or procedural principle, including without limitation, any cost-of-service determination or cost-allocation or revenue-related methodology, except to the limited extent necessary to implement the provisions hereof.

29. This Settlement Agreement shall not have any precedential effect in any future proceeding or be binding on any of the Parties in this or any other jurisdiction except to the limited extent necessary to implement the provisions hereof, such as any new or updated schedules to be filed in future ARM docket proceedings. The Parties are free to take different

positions in future proceedings as each Party deems appropriate for that proceeding, including the ability to advocate for new or revised schedules for future ARM dockets.

30. The Settlement Agreement does not address any other issues or adjustments raised by the Consumer Advocate's testimony except those expressly agreed upon within this Settlement Agreement. Any issues or adjustments not expressly addressed in this Settlement Agreement are reserved by both Parties to be raised in future ARM proceedings.

31. The terms of this Settlement Agreement have resulted from extensive negotiations between the signatories, and the terms hereof are interdependent. The Parties jointly recommend that the Commission issue an order adopting this Settlement Agreement in its entirety without modification.

32. If the Commission does not accept the settlement in whole, the Parties are not bound by any position or term set forth in this Settlement Agreement. In the event that the Commission does not approve this Settlement Agreement in its entirety, each of the signatories to this Settlement Agreement will retain the right to terminate this Settlement Agreement by giving notice of the exercise of such right within ten (10) business days of the date of such non-approval; provided, however, that the signatories to this Settlement Agreement could, by unanimous consent, elect to modify this Settlement Agreement to address any modification required by, or issues raised by, the Commission within the same time frame. Should this Settlement Agreement terminate, it would be considered void and have no binding precedential effect, and the signatories to this Settlement Agreement would reserve their rights to resume and advocate for their prior positions and to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Settlement Agreement.

33. By agreeing to this Settlement Agreement, no Party waives any right to continue

litigating this matter should this Settlement Agreement be rejected by the Commission in whole or in part.

34. No provision of this Settlement Agreement shall be deemed an admission of any Party, and no provision of this Settlement Agreement shall be deemed a waiver of any position asserted by a Party in this Docket, except to the limited extent necessary to implement the provisions thereof.

35. The Parties agree that this Settlement Agreement constitutes the complete understanding among the Parties concerning the resolution of issues and matters under this TPUC Docket No. 24-00036, and any oral statements, representations or agreements concerning such issues and matters made prior to the execution of this Settlement Agreement have been merged into this Settlement Agreement.

36. All exhibits and schedules attached to or referenced in this Settlement Agreement are hereby incorporated by reference into this Settlement Agreement.

37. The Consumer Advocate's agreement to this Settlement Agreement is expressly premised upon the truthfulness, accuracy, and completeness of the information provided by Piedmont to the Consumer Advocate throughout the course of this Docket, which information was relied upon by the Consumer Advocate in negotiating and agreeing to the terms and conditions of this Settlement Agreement.

38. The acceptance of this Settlement Agreement by the Attorney General shall not be deemed as an approval by the Attorney General of any of Piedmont's acts or practices.

39. Each signatory to this Settlement Agreement represents and warrants that it/he/she has informed, advised, and otherwise consulted with the Party for whom it/he/she signs regarding the contents and significance of this Settlement Agreement and has obtained authority to sign on

behalf of such Party, and based upon those communications, each signatory represents and warrants that it/he/she is authorized to execute this Settlement Agreement on behalf of its/his/her respecting Party.

40. This Settlement Agreement shall be governed by and construed under the laws of the State of Tennessee, Tennessee choice of law rules notwithstanding.

41. Nothing herein limits or alters the sovereign immunity of the State of Tennessee or any of its entities or subdivisions.

42. The Parties agree that approval of the Settlement Agreement will become effective upon the oral decision of the Commission at a noticed, public Commission conference meeting.

[signatures on the next pages]

The foregoing is agreed and stipulated to this 19th day of August, 2024.

PIEDMONT NATURAL GAS COMPANY, INC.

HAVE SEEN AND AGREED



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HAVE SEEN AND AGREED

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EXHIBIT A

SERVICE SCHEDULE NO. 318

Annual Review Mechanism (ARM)

I. OVERVIEW

Applicable

To service provided to customers under all Rate Schedules, including service provided to customers under approved special contracts.

Purpose

This Annual Review Mechanism ("ARM") is implemented under the provisions of Tennessee Code Annotated Section 65-5-103(d)(6), which authorizes the Company to elect to opt into an annual review of the Company's rates. Pursuant to this ARM and the annual filings described herein, the Company's rates shall be adjusted to provide that the Company earns its Authorized Return on Equity on prudently incurred costs as defined by the Tennessee Public Utility Commission ("TPUC" or the "Commission"). The rate adjustments implemented under the ARM, which are to the Company's Base Margin Rates and its ARM Rider Rates, will reflect changes in the Company's jurisdictional operating revenues, cost of service, and rate base. Jurisdictional operating revenues and expenses exclude gains or losses related to gas supply hedging activities, off system sales, other gas supply and capacity secondary marketing activities, and other non-jurisdictional transactions as determined by the Commission. The ARM may be terminated or modified as provided under of Tennessee Code Annotated Section 65-5-103(d)(6)(D).

Piedmont's Base Margin Rates and ARM Rider Rates shall be reset on an annual basis pursuant to the procedures and information specified in this Tariff.

Nothing in this Tariff shall preclude intervenors or the Commission from identifying errors, omissions, or inconsistencies in the Company's ARM calculations, including adjusting such items within the determination of HBP results.

Global Definitions

- A. **Annual ARM Filing** shall consist of the components described below. The Company will simultaneously copy the Consumer Advocate on all Annual ARM Filings.
- B. **Annual ARM Filing Date** shall be the date the Company submits its Annual ARM Filing to the TPUC. The Annual ARM Filing Date shall be no later than May 20 of each year. The initial Annual ARM Filing shall be submitted by May 20, 2023 and shall include results for the Historical Base Period of calendar year 2022.

Effective: _____ January 1, 2022

- C. **Annual ARM Proceeding** refers to the annual docketed proceedings in which the Company's Annual ARM Filings shall be reviewed.
- D. **Historic Base Period ("HBP")** is defined as the Company's most recently completed 12-month fiscal year ended December 31 prior to each ARM Annual Filing Date. The initial HBP shall be the 12-month fiscal year ended December 31, 2022.
- E. **Effective Date of ARM Rates** refers to the date that new ARM Rider Rates and new Base Margin Rates take effect. The Effective Date of ARM Rates shall be October 1 of each year pursuant to the Annual ARM Filing. As such, all bills rendered starting with October cycle 1 each year shall be billed under the new ARM Rider Rates and new Base Margin Rates.
- F. **2020 Rate Case Settlement** refers to the Stipulation and Settlement Agreement between Piedmont and the Consumer Advocate filed with the TPUC on February 2, 2021 in Docket No. 20-00086, which was subsequently approved by the TPUC.
- G. **Authorized Return on Equity** is defined as the 9.80% return on equity established in Docket No. 20-00086, or that which is established by the TPUC in any subsequent general rate case for the Company.
- H. **Overall Cost of Capital** is defined as the overall cost of capital for the applicable period, as stated on ARM Filing Schedule 10.
- I. **HBP Net Operating Income Deficiency (Sufficiency)** shall be computed as the difference between the net operating income for return in the HBP and the net operating income for return in the HBP that is required to produce the Authorized Return on Equity.
- J. **HBP Revenue Requirement Deficiency (Sufficiency)** shall be the HBP Net Operating Income Deficiency (Sufficiency) multiplied by the Revenue Conversion Factor.
- K. **Carrying Costs** are computed by applying an interest rate to the HBP Revenue Requirement Deficiency (Sufficiency) from the midpoint date of the HBP to the effective date of the ARM Rider Rates, which reflects a total of 15 months from July 1 of the HBP thru Sept 30 of the following year. The interest rate used shall be the net-of-tax Overall Cost of Capital rate including the Authorized Return on Equity, for the HBP.
- L. **ARM Reconciliation Deferred Account** shall be the interest-bearing regulatory asset or liability account to which the approved HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs are recorded each October. The actual collections from customers (or refunds to customers) arising from the ARM Rider Rates shall be applied to the ARM Reconciliation Deferred Account each month in order to relieve its balance. Interest shall be accrued monthly to the ARM Reconciliation Deferred Account at a rate equivalent to the Company's net-of-tax Overall Cost of Capital under which Base Margin Rates were last established. Interest shall be applied to the average of the beginning and ending monthly balances. The ARM Reconciliation Deferred Account shall not be included in rate base for purposes of determining the HBP Net Operating Income Deficiency (Sufficiency) or the Annual Base Rate Reset Net Operating Income Deficiency (Sufficiency).
- M. **ARM Regulatory Asset** shall be the account(s) to which the Company records Interest Deferrals and Depreciation Expense Deferrals associated with plant in service that has not

yet been included in rate base. The Company shall be authorized to establish and include in rate base this ARM Regulatory Asset. The Company shall segregate its deferrals to the ARM Regulatory Asset by HBP. Upon the effective date of new Base Margin Rates each year, the Dec 31 balance of the ARM Regulatory Asset for the most recent HBP shall begin to be amortized evenly over a period of time equivalent to the depreciable life of its underlying plant assets.

- i. **Interest Deferrals:** On a monthly basis, the Company shall record deferred interest to the ARM Regulatory Asset. The rate for such deferred interest shall be the pretax Overall Cost of Capital under which Base Margin Rates were last established. Such deferred interest shall be calculated on all plant placed into service that is not yet included in rate base, and shall continue to accrue and be added to balance of the ARM Regulatory Asset during and after the HBP until such time that the underlying plant is included in rate base. The Company shall take care not to double count the application of Interest Deferrals and the recording of Allowance for Funds Used During Construction (AFUDC). The plant balance upon which the interest deferrals are calculated shall account for incremental plant additions net of a) incremental plant retirements; b) a provision adding or subtracting incremental deferred income taxes on plant assets not yet in rate base; c) a provision subtracting the increase in accumulated depreciation on assets already included in rate base; and d) a provision adding the depreciation expense deferred on assets not yet included in rate base.
 - ii. **Depreciation Expense Deferrals:** On a monthly basis, the Company shall record deferred depreciation expense to the ARM Regulatory Asset on plant not yet included in rate base. This accounting will result in a credit to depreciation expense and a debit to the ARM Regulatory Asset. The deferred depreciation expense shall be calculated on all plant placed into service that is not yet included in rate base, and shall continue to be added to the balance of the ARM Regulatory Asset during and after the HBP until such time that the underlying plant is included in rate base.
- N. **Annual Base Rate Reset Net Operating Income Deficiency (Sufficiency)** shall be computed as the difference in the net operating income for return for the Annual Base Rate Reset period under present Base Rates less the net operating income for return for the Annual Base Rate Reset period that is required to produce the Authorized Return on Equity.
- O. **Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency)** shall be the Annual Base Rate Reset Net Operating Income Deficiency (Sufficiency) multiplied by the Revenue Conversion Factor.
- P. **New Matters** refers to any issue, adjustment and/or ambiguity in or for any account, method of accounting or estimation, or ratemaking topic that would directly or indirectly affect the Annual ARM Filing for which there is no explicit prior determination by the TPUC regarding the Company since the 2020 Rate Case Settlement.
- Q. **ARM Rider Rates** refer to the customer billing rates per therm intended to relieve the ARM Reconciliation Deferred Account Balance over a 12-month period. The ARM Rider Rates will be updated each year on the Effective Date of ARM Rates. In each Annual ARM Filing, the Company shall propose new ARM Rider Rates based on ~~the ARM~~

~~Deferred Account Balance at March 31 of the year after the HBP plus~~ the current Annual ARM Proceeding's HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs, plus the maximum of the ARM Deferred Account Balance at March 31 of the year after the HBP or any remaining ARM Deferred Account Balance, as appropriate.

- R. **Base Rates** refer to those base rates per therm shown in Columns <1>, <2> and <3> of the Company's Tariff Sheet No. 1.
- i. **Base Margin Rates** refer to those base rates per therm shown in Column <1> of the Company's Tariff Sheet No. 1. The Base Margin Rates will be adjusted each year on the Effective Date of ARM Rates in accordance with the approved Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency).
 - ii. **Base PGA Rates** refer to those base rates per therm shown in Columns <2> and <3> of the Company's Tariff Sheet No. 1, which are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider".
- S. **Applicable Rate Schedules** are the Rate Schedules for which the ARM Rider Rates and the Base Margin Rates as updated under the ARM shall apply. The Applicable Rate Schedules are Rate Schedules 301, 302, 343, 352, 303, 304, 310, 313 and 314, which represent all of Piedmont's Rate Schedules.
- T. **Revenue Conversion** Factor shall be computed consistent with the paragraph 14.m. of the 2020 Rate Case Settlement.

Components of the Annual ARM Filing

On the Annual ARM Filing Date each year, the Company shall file with the TPUC schedules and workpapers that calculate the HBP Revenue Requirement Deficiency (Sufficiency) and the Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency) in accordance with this tariff. The Company's Annual ARM Filing shall specifically include the following:

1. ARM Filing Schedules, described in Section IV herein.
2. Workpapers supporting the ARM Filing Schedules (in electronic, native format with formulas intact).
3. Direct Testimony supporting the ARM Filing Schedules and requested rate adjustments, and also specifically including:
 - a. An explanation of the nature and extent of incremental deferred environmental expenses, pursuant to the requirements of para. 17.i. of the 2020 Rate Case Settlement; and
 - b. An explanation and support to demonstrate that incremental pension deferral amounts were prudently incurred to meet the Company's obligation to qualified

employees and retirees, pursuant to the requirements of para. 17.b. of the 2020 Rate Case Settlement.¹

4. Attestation from a Company officer, signed and notarized.
5. Proposed Tariff Changes.
6. Proposed Procedural Schedule.

II. HBP RECONCILIATION

The following methodologies shall be used in the ARM Filing Schedules, supporting workpapers and computations necessary to calculate the Company's HBP Revenue Requirement Deficiency (Sufficiency).

The HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs shall be recovered through the ARM Rider Rates. The ARM Rider Rates shall be established for the Applicable Rate Schedules based on the amount of the ARM Reconciliation Deferred Account balance at March 31 of the year after the HBP plus the current Annual ARM Proceeding's HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs.

The ARM Rider Rates shall be developed for each Applicable Rate Schedule based upon the respective customer billing determinants used in the computation of the Gas Sales and Transportation Revenues under Section III of this Tariff. In its Annual ARM Filing, Piedmont shall make a proposal for how to allocate any amount of HBP Revenue Requirement Deficiency (Sufficiency) among the Applicable Rate Schedules and the specific design for how the ARM Rider Rates are to be increased (decreased) for each Applicable Rate Schedule in accordance with the approved methodologies. Any intervenor party may make its own proposal for how the revenue deficiency (sufficiency) should be allocated to the Applicable Rate Schedules and the rate design for any increase (decrease) in the ARM Rider Rates. Based upon a final determination that the ARM Rider Rates need to be increased (decreased), the Commission shall order such increase (decrease) in the ARM Rider Rates be based upon the proposals of the parties or such other revenue allocation and rate design decision as it may find to be in the public interest.

Operating Revenues

- 1) **Gas Sales and Transportation Revenues** shall reflect such actual revenues from Base Rates billed for service provided to customers pursuant to the provisions of the Company's TPUC-approved rates and charges (including special contracts) and recorded during the HBP.

¹ Pursuant to Commission Order issued July 25, 2022 in Docket No. 21-00135, no additional regulatory asset for pension or OPEB above the amount that was authorized for recovery in Piedmont's last rate case shall be established for ratemaking purposes unless the Company first obtains express approval from the Commission.

- 2) **Forfeited Discount Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and recorded during the HBP.
- 3) **Other Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and HomeServe Warranty Program revenues as recorded during the HBP, exclusive of revenues related to off system sales, other gas supply and capacity secondary marketing activities, and customer cash-out activities.
- 4) **Margin Revenues** shall reflect the sum of the Gas Sales and Transportation Revenues, Forfeited Discount Revenues and Other Revenues described herein, less Purchased Gas Expenses [Cost of Gas].

Operating Expenses

- 5) **Purchased Gas Expenses [Cost of Gas]** shall be set equivalent to the PGA portion of the actual Gas Sales and Transportation Revenues during the HBP. Note that the actual purchased gas expenses are recorded to general ledger account 804, and are recovered by the Company through the PGA mechanism.
- 6) **Other Purchased Gas Expenses** shall reflect such actual expenses recorded during the HBP. Note that these are expenses not eligible for recovery by the Company through the PGA mechanism.
- 7) **Uncollectible & Bad Debt Expenses** shall reflect such actual expenses recorded during the HBP.
- 8) **Lobbying Expenses** recorded during the HBP shall be entirely excluded from the computation of Operating Expense.
- 9) **Employee Salaries & Wages Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities and any such costs deemed excessive or not otherwise in the public interest.
- 10) **Employee Incentive Compensation Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities. Also, fifty percent of the STIP expenses recorded during the HBP and one hundred percent of the LTIP expenses recorded during the HBP shall be excluded from the computation of Operating Expenses, consistent with paragraph 14.h. of the 2020 Rate Case Settlement.
- 11) **Amortization Expenses for Deferred Rate Case Expenses for Docket No. 20-00086** recorded during the HBP shall be entirely excluded from the computation of Operating Expense, consistent with paragraphs 14.k. and 17.f. of the 2020 Rate Case Settlement.
- 12) **Amortization Expenses for Deferred Environmental Costs** shall reflect the unamortized portion of previously-approved deferred environmental costs in accordance with the previously-approved amortization period. The Company may seek recovery of Environmental Costs incurred during the HBP, in accordance with Section III. Annual Base Rate Reset of this Tariff, upon a showing of prudence and that such costs are not recoverable through insurance policies.

- 13) **Amortization Expenses for Deferred Pension Costs** shall reflect the annual expense for unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in accordance with the approved amortization period from the Company's last rate case.
- 14) **Other Pension Expenses and OPEB Expenses** shall be the Tennessee jurisdictional portion of the actuarially-determined minimum contribution requirement. Any Pension and OPEB expenses computed and recorded in accordance with GAAP, including actual contributions, during the HBP shall be excluded.
- 15) **Expense for Allocated Return on DEBS Assets** shall reflect such actual expenses properly incurred, and charged to the Company's Tennessee jurisdiction during the HBP, adjusted to reflect a return based on the Authorized Return on Equity, and exclusive of any such expense related to return on DEBS pension assets. Such return shall be applied to the balance of DEBS assets net of Accumulated Depreciation and Accumulated Deferred Income Taxes (ADIT). Recoverable expenses shall exclude any such expense related to the return on DEBS pension assets.
- 16) **Expense for TPUC Fee** shall reflect such actual expenses recorded during the HBP.
- 17) **Other O&M Expenses** shall reflect such actual expenses recorded during the HBP including HomeServe Warranty Program expenses, as well as recoverable promotional and advertising expenses consistent with Commission Rule 1220-04-05-.45, exclusive of any such expenses related to lobbying activities, and shall reflect costs necessary in the provision of natural gas service.
- 18) **Other Expense Adjustments** shall reflect adjustments made by the Company to exclude any known expenses improperly recorded as an Operating Expense during the HBP.
- 19) **Depreciation Expenses** shall reflect such actual expenses recorded during the HBP, net of credits recorded during the HBP related to Depreciation Expense Deferrals.
- 20) **Amortization Expenses for ARM Regulatory Asset** shall reflect such actual expenses recorded during the HBP related to relieving the ARM Regulatory Asset pursuant to approvals granted in prior Annual ARM Proceedings.
- 21) **Payroll Tax Expenses** shall reflect such actual expenses recorded during HBP, adjusted to comport with the labor and other compensation expense adjustments described herein.
- 22) **Property Tax Expenses** shall reflect such actual expenses recorded during the HBP.
- 23) **Other General Tax Expense** shall reflect such actual expenses recorded during the HBP.
- 24) **Amortization of Investment Tax Credit** shall reflect such actual expenses recorded during the HBP.
- 25) **State Excise Tax Expense** shall be computed using ~~the Company's Tennessee's~~ statutory 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.~~
- 26) **Federal Income Tax Expense** shall be computed using the statutory federal tax rate in effect as of December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses herein including synchronized interest on debt. Federal

Income Tax Expense shall be further adjusted for the amortized return of protected federal excess accumulated deferred income taxes ("EDIT") resulting from the 2017 Tax Act.

Adjustments to Net Operating Income

- 27) **AFUDC** shall reflect the 13-month average CWIP balance during the HBP multiplied by the Overall Cost of Capital in the HBP including the Authorized Return on Equity.
- 28) **Interest on Customer Deposits** shall reflect such actuals recorded during the HBP.

Rate Base

- 29) **Utility Plant in Service** shall reflect the 13-month average of the actual end-of-month ("EOM") balances for the HBP and the month prior to the HBP. Any amount recorded to plant in service that is not truly used in providing service to customers should be removed from general ledger account 101 and either written off or reclassified to an appropriate general ledger account. The Company has the burden to demonstrate the accuracy of recordings to plant in service.
- 30) **Accumulated Depreciation** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP.
- 31) **CWIP** shall reflect the 13-month average of the actual EOM balances, exclusive of fifty percent of STIP costs and one hundred percent of LTIP costs recorded to CWIP during the HBP and the month prior to the HBP, consistent with paragraph 14.h. of the 2020 Rate Case Settlement. Pension and OPEB cost loadings to construction projects and accounted for in CWIP shall be accounted for consistent with how such expenses are recoverable in the HBP (see above item 14 – Other Pension and OPEB expenses).
- 32) **ARM Regulatory Asset** shall reflect the 13-month average of the actual EOM balances for the HBP, excluding the components of such balance associated with the Interest Deferrals.
- 33) **ADIT** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP, exclusive of any amounts related to unprotected federal EDIT subject to refund to customers pursuant to the TPUC's August 6, 2019 Order in Docket No. 18-00040. Items included in ADIT should be determined consistent with the inclusion/exclusion of revenue and expense items represented in the HBP and consistent with Tennessee's state tax rate in effect at December 31 of the HBP. ~~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.~~ Any Tennessee state tax rate change will result in an excess or deficient ADIT balance and that such excess or deficiency should be preserved on the Company's books for appropriate regulatory treatment within subsequent ARM filings.
- 34) **Cash Working Capital (Lead-Lag)** shall be computed in conformity with the lag days and categories of revenue and expense in the 2020 Rate Case Settlement.

35) **Other Working Capital** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP, for the following:

- a. Material and Supplies
- b. Gas Inventory
- c. Prepaid Insurance
- d. Fleets & Overheads
- e. Accounts Payables applicable to CWIP
- f. Accounts Payables applicable to Materials and Supplies
- g. Customer Deposits
- h. Interest on Customer Deposits
- i. Accrued Vacation
- j. The Company may request recovery of any Deferred Debits for Environmental Costs. The Company shall bear the burden of proof that such costs are appropriately included in rate base.
- k. Pension Costs: Piedmont shall be allowed to recover through the ARM the unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in Docket No. 20-00086 through annual expense amortizations over the remaining portion of the authorized eight-year amortization period. No additional regulatory asset for pensions or OPEBs above the amount that was authorized in Piedmont's last rate case shall be established for ratemaking purposes unless the Company first obtains express approval from the Commission.

Capitalization

- 36) **Capital Structure** shall reflect the actual long-term debt, short-term-debt and common equity (not including the impact of goodwill) each as a percentage of total average capitalization for the 13-month period ending December 31 of the HBP.
- 37) **Long Term Debt Cost** shall reflect the actual average embedded cost of long-term debt for the 13-month period ending December 31 of the HBP. The computation of the embedded cost of long-term best shall include an adjustment for unamortized loss on reacquired debt and credit facility fees.
- 38) **Short Term Debt Cost** shall reflect the actual average cost rate of short-term debt borrowings (Piedmont's intercompany money pool borrowings) for the 13-month period ending December 31 of the HBP.
- 39) **Authorized Return on Equity** as defined in Section I of this Tariff.

III. ANNUAL BASE RATE RESET

The following methodologies shall be used in the ARM Filing Schedules, supporting workpapers and computations necessary to calculate the Company's Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency).

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The updated Base Rates for each Applicable Rate Schedule shall be developed based upon the respective customer billing determinants the used in the computation of the Gas Sales and Transportation Revenues as set forth in Section III of this Tariff herein. In its Annual ARM Filing, Piedmont shall make a proposal for how to allocate any amount of Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency) among the Applicable Rate Schedules and the specific design for how the updated Base Rates are to be increased (decreased) for each Applicable Rate Schedule in accordance with the approved methodologies. Any intervenor party may make its own proposal for how the revenue deficiency (sufficiency) should be allocated to the Applicable Rate Schedules and the rate design for any increase (decrease) in the Base Rates for the Annual Base Rate Reset. Based upon a final determination that the Base Rates need to be increased (decreased), the Commission shall order such increase (decrease) in the Base Rates be based upon the proposals of the parties or such other revenue allocation and rate design decision as it may find to be in the public interest.

Operating Revenues

- 1) **Gas Sales and Transportation Revenues** shall be computed, as follows:
 - a. For service rendered under Rate Schedules 301 (Residential), 302 (Small General) and 352 (Medium General) respectively, the actual usage during the 12-month period comprising the HBP shall be normalized for weather. For this purpose, Normal Heating Degree Days (NHDD) shall be the average of the actual daily heating degree days experienced in the 30-year period ending December 31 of each HBP. A simple linear regression analysis² using actual heating degree days for each month of the HBP, actual usage by rate schedule for each month of the HBP, and the monthly NHDD will be performed to derive the normalized base load usage and heat- sensitive usage per customer for each rate schedule. Such normalized base load usage and heat-sensitive usage per customer for each rate schedule shall then be aligned with the monthly NHDD and actual number of bills rendered each month of the HBP to establish the total normalized customer usage by month by rate schedule. Normalized revenues shall then be computed by applying the present Base Rates (clean rates, which are the rate components shown in columns <1>, <2> and <3> on the Company's Tariff Sheet No. 1, and excluding ARM Rider Rates and all other non-base rates) to the derived normalized monthly customer usage and associated monthly customer count for each rate schedule.
 - b. For service rendered under Rate Schedules 303 (Large General Sales - Firm), 304 (Large General Sales - Interruptible), 310 (Resale Service), 313 (Large General Transportation - Firm), 314 (Large General Transportation - Interruptible) and 343

² The methodology for computing and updating base load and heat sensitivity factors shall be the simple linear regression analysis methodology ordered by the Commission for Atmos Energy Corporation in Docket No. 14-00146 and Chattanooga Gas Company in Docket No. 18-00017. The updated base load and heat sensitivity factors shall be utilized for the Company's WNA for the applicable period of time immediately following the TPUC's decision on the Company's Annual ARM Filing.

(Motor Vehicle Fuel Service), revenues shall be computed by applying the present Base Rates (clean rates, which are the rate components shown in columns <1>, <2> and <3> on the Company's Tariff Sheet No. 1, and excluding ARM Rider Rates and all other non-base rates to the actual monthly customer usage and customer count for each rate schedule during the HBP.

- c. For service rendered under special contracts, revenues shall be the actuals recorded during the HBP. Should a special contract customer move to a tariff rate during or after the completion of the HBP, the revenue for that customer shall instead be computed pursuant to subpart a or b above, as warranted.
- 2) **Forfeited Discount Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and recorded during the HBP.
- 3) **Other Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and HomeServe Warranty revenues as recorded during the HBP, exclusive of revenues related to off system sales, other gas supply and capacity secondary marketing activities, and customer cash-out activities.
- 4) **Margin Revenues** shall reflect the sum of the Gas Sales and Transportation Revenues, Forfeited Discount Revenues and Other Revenues, net of the amount of Purchased Gas Expenses.

Operating Expenses

- 5) **Purchased Gas Expenses [Cost of Gas]** shall be set equivalent to the computed PGA portion of Gas Sales and Transportation Revenues.
- 6) **Other Purchased Gas Expenses** shall reflect such actual expenses recorded during the HBP. Note that these are expenses not recovered by the Company through the PGA mechanism.
- 7) **Uncollectible & Bad Debt Expenses** shall reflect such actual expenses recorded during the HBP.
- 8) **Lobbying Expenses** recorded during the HBP shall be entirely excluded from the computation of Operating Expense.
- 9) **Employee Salaries & Wages Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities and any such costs deemed excessive or not otherwise in the public interest.
- 10) **Employee Incentive Compensation Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities. Also, fifty percent of the STIP expenses recorded during the HBP and one hundred percent of the LTIP expenses recorded during the HBP shall be excluded from Operating Expenses, consistent with paragraph 14.h. of the 2020 Rate Case Settlement.

- 11) **Amortization Expenses for Deferred Rate Case Expenses for Docket No. 20-00086** recorded during the HBP shall be entirely excluded from the computation of Operating Expense, consistent with paragraphs 14.k. and 17.f. of the 2020 Rate Case Settlement.
- 12) **Amortization Expenses for Deferred Environmental Costs** shall reflect the unamortized portion of previously-approved deferred environmental costs in accordance with the previously-approved amortization period. The Company may also herein seek recovery of Environmental Costs incurred during the HBP upon a showing of prudence and that such costs are not recoverable through insurance policies, and such Environmental Costs shall be represented herein in accordance with the previously-approved amortization period.
- 13) **Amortization Expenses for Deferred Pension Costs** shall reflect the unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in accordance with the approved amortization period from the Company's last rate case.
- 14) **Other Pension Expenses and OPEB Expenses** shall be the Tennessee jurisdictional portion of the actuarially-determined minimum contribution requirement. Any Pension and OPEB expenses computed and recorded in accordance with GAAP, including actual contributions, during the HBP shall be excluded.
- 15) **Expense for Allocated Return on DEBS Assets** shall reflect such actual expenses properly incurred, and charges to the Company's Tennessee jurisdiction during the HBP, adjusted to reflect a return based on the Authorized Return on Equity, and exclusive of any such expense related to return on DEBS pension assets. Such return shall apply to the balance of DEBS assets net of Accumulated Depreciation and Accumulated Deferred Income Taxes (ADIT). Recoverable expenses shall exclude any such expense related to the return on DEBS pension assets.
- 16) **Expense for TPUC Fee** shall reflect such actual expenses recorded during the HBP.
- 17) **Other O&M Expenses** shall reflect such actual expenses recorded during the HBP including HomeServe Warranty Program expenses, as well as recoverable promotional and advertising expenses consistent with Commission Rule 1220-04-05-.45, exclusive of any such expenses related to lobbying activities, and shall reflect costs necessary in the provision of natural gas service.
- 18) **Other Expense Adjustments** shall reflect adjustments made by the Company to exclude any known expenses improperly recorded as an Operating Expense during the HBP.
- 19) **Depreciation Expenses** shall be computed as annualized depreciation expense aligned with the actual December 31 HBP balance of Utility Plant in Service. Depreciation expenses shall be computed using the depreciation rates approved by the Commission in the Company's most recent general rate case or any subsequent approval.

- 20) **Amortization Expenses for ARM Regulatory Asset** shall be computed as annualized amortization expense aligned with the actual December 31 HBP balance of the ARM Regulatory Asset pursuant to approvals granted in prior Annual ARM Proceedings.
- 21) **Payroll Tax Expenses** shall reflect such actual expenses recorded during HBP, adjusted to comport with the labor and other compensation expense adjustments.
- 22) **Property Tax Expenses** shall reflect such actual expenses recorded during the HBP.
- 23) **Other General Tax Expense** shall reflect such actual expenses recorded during the HBP.
- 24) **Amortization of Investment Tax Credit** shall reflect such actual expenses recorded during the HBP.
- 25) **State Excise Tax Expense** shall be computed using ~~the Company's~~ Tennessee's statutory composite state tax rate in effect as of December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses as described 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.~~
- 26) **Federal Income Tax Expense** shall be computed using the statutory federal tax rate in effect as of December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses herein including synchronized interest on debt. Federal Income Tax Expense shall be further adjusted for the amortized return of protected federal excess accumulated deferred income taxes ("EDIT") resulting from the 2017 Tax Cuts and Jobs Act.

Adjustments to Net Operating Income

- 27) **AFUDC** shall be represented as the CWIP balance at December 31st of the HBP multiplied by the Overall Cost of Capital at December 31st of the HBP including the Authorized Return on Equity.
- 28) **Interest on Customer Deposits** shall reflect such actuals recorded during the HBP.

Rate Base

- 29) **Utility Plant in Service** shall reflect the actual December 31 HBP balance. Any amount recorded to plant in service that is not truly used in providing service to customers should be removed from Account 101 and either written off or reclassified to an appropriate account. The Company has the burden to demonstrate the accuracy of recordings to Plant in Service.
- 30) **Accumulated Depreciation** shall reflect the actual December 31 HBP balance.
- 31) **CWIP** shall reflect the actual December 31 HBP balance, exclusive of fifty percent of STIP costs and one hundred percent of LTIP costs recorded to CWIP during the HBP, consistent with paragraph 14.h. of the 2020 Rate Case Settlement. Pension and OPEB cost loadings to construction projects and accounted for in CWIP shall be accounted

- for consistent with how such expenses are recoverable in the HBP (see above item 14 – Other Pension and OPEB expenses).
- 32) **ARM Regulatory Asset** shall reflect the actual unamortized December 31 HBP balance.
- 33) **ADIT** shall reflect the actual December 31 HBP balance, exclusive of any amounts related to the unprotected federal EDIT subject to refund to customers pursuant to the TPUC's August 6, 2019 Order in Docket No. 18-00040. Items included in ADIT should be determined consistent with the inclusion/exclusion of revenue and expense items reflected in the HBP and consistent with Tennessee's state tax rate in effect at December 31 of the HBP.
- 34) **Cash Working Capital (Lead-Lag)** shall be computed in conformity with the lag days and categories of revenue and expense in the 2020 Rate Case Settlement.
- 35) **Other Working Capital** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP, for the following:
- a. Material and Supplies
 - b. Gas Inventory
 - c. Prepaid Insurance
 - d. Fleets & Overheads
 - e. Accounts Payables applicable to CWIP
 - f. Accounts Payables applicable to Materials and Supplies
 - g. Customer Deposits
 - h. Interest on Customer Deposits
 - i. Accrued Vacation
 - j. The Company may request recovery of any Deferred Debits for Environmental Costs. It shall bear the burden of proof that such costs are appropriately included in Rate Base.
 - k. Pension Costs: Piedmont shall be allowed to recover through the ARM the unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in Docket No. 20-00086 through annual expense amortizations over the remaining portion of the authorized eight-year amortization period. No additional regulatory asset for pensions or OPEBs above the amount that was authorized in Piedmont's last rate case shall be established for ratemaking purposes unless the Company first obtains express approval from the Commission.

Capitalization Components

- 36) **Capital Structure** shall reflect the long-term debt, short-term-debt and common equity (not including the impact of goodwill) each as a percentage of total capitalization as of December 31 of the HBP.
- 37) **Long Term Debt Cost** shall reflect the actual embedded cost of long-term debt as of December 31 of the HBP. The computation of the embedded cost of long-term best

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shall include an adjustment for unamortized loss on reacquired debt and credit facility fees.

38) **Short Term Debt Cost** shall reflect the computed average cost rate of short-term debt borrowings (Piedmont's intercompany money pool borrowings) during the HBP.

39) **Authorized Return on Equity** as defined in Section I of this tariff

IV. ARM FILING SCHEDULES

LEAD SCHEDULES	
1	Results of Operations
2	Rate Base
3	Lead Lag Results
4A	Working Capital Expense Lag for HBP
4B	Working Capital Expense Lag for Annual Base Rate Reset
5	O&M Expense Summary
6A	Revenue Summary
6B	Revenue Detail
7	General Tax Summary
8	Excise and Income Tax Summary
9	Income Statement under Present Rates & Proposed Rates
10	Cost of Capital Summary
11	Revenue Conversion Factor & Tax Gross Up Factor
12	Carrying Costs and ARM Reconciliation Deferred Account Balance

RATE BASE SCHEDULES	
13	Utility Plant in Service – End of Month Balances, calculation of 13 month average balance
14	Depreciation Expense – Calculation of Depreciation and Amortization Expense based on HBP Utility Plant in Service
15	Construction Work in Progress – End of Month Balances, calculation of 13 month average balance
16	Accumulated Depreciation – End of Month Balances, calculation of 13 month average balance
17	Contributions in Aid of Construction – End of Month Balances, calculation of 13 month average balance
18	ADIT – End of Month Balances, calculation of 13 month average balance
19	Cash Working Capital – Summary of 13 month average balance
20	ARM Regulatory Asset Balances and Activity by Month

REVENUE SCHEDULES	
21	Historic Base Period Revenue Components by Rate Schedule & Special Contract
22A	Annual Base Rate Reset Total Revenues by Rate Schedule and Special Contract
22B	Annual Base Rate Reset Revenue Components by Rate Schedule and Special Contract
23	Annual Base Rate Reset Other Revenues
24	Summary of Normalized Billing Determinants and Proposed Margin Revenues
25	Proof of Revenue at Proposed Rates
26	Revenue Changes by Rate Schedule
27	Normal Heating Degree Days

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28	Factors for Weather Normalization Adjustment (WNA)
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O&M EXPENSE SCHEDULES	
29	Customer Accounts & Service Expense, including uncollectible ratio calculation
30	Employee Salary and Wage Expense
31	Employee Short Term Compensation Expense
32	Employee Long Term Compensation Expense
33	Deferred Environmental Regulatory Amortization and Cost Support
34	Deferred Pension Regulatory Amortization and Pension Plan Contribution Support
35	Return on Service Company (DEBS) Assets
36	Other Pension Expense
37	Lobbying Expense, Charitable Contribution, Social Club Membership Adjustment
38	Promotional and Advertising Expenses, consistent with Commission Rule 1220-04-05-.45

FINANCIAL REPORTS	
39	Tennessee Allocated Income Statement, including details of all revenues and expenses for the HomeServe Warranty Program
40A	Total Piedmont Regulatory View Year End Income Statement
40B	Total Piedmont SEC View Year End Income Statement
40C	Parent (Duke Energy Corporation) Year End Income Statement
40D	Service Company (DEBS) Year End Income Statement
40E	Total Piedmont Regulatory View Year End Balance Sheet
40F	Total Piedmont SEC View Year End Balance Sheet
40G	Parent (Duke Energy Corporation) Year End Balance Sheet
40H	Service Company (DEBS) Year End Balance Sheet
41A	Total Piedmont Monthly Trial Balance Regulatory View
41B	Total Piedmont Monthly Trial Balance SEC View
41C	Parent (Duke Energy Corporation) Monthly Trial Balance Regulatory View
41D	Parent (Duke Energy Corporation) Monthly Trial Balance SEC View
41E	Service Company (DEBS) Monthly Trial Balance Regulatory View
41F	Service Company (DEBS) Monthly Trial Balance SEC View

OTHER INFORMATIONAL SCHEDULES	
42	Piedmont Capital Budget for Tennessee operations for year subsequent to HBP
43	Piedmont Operating Budget for the year subsequent to the HBP
44	Piedmont Jurisdictional Allocation Factors: Composite Factors
45	Piedmont Jurisdictional Allocation Factors: Net Plant Factors
46	Cost Allocation Manual
47	Corporate Organizational Structure
48	List of Company Officers
49	Pension and OPEB actuarial reports
50	Employee Incentive Compensation Plan documents
51	Impact of any new accounting pronouncements

52	Additional workpapers as required, and referenced to applicable ARM Filing Schedule
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Schedule 52: List of Additional Workpapers	
RATE BASE WORKPAPERS	
UPIS – Monthly Activity by plant account, to provide support for ARM Schedule 13 and 14	
CWIP – Actual Capital Expenditures by Category and Project Number, to provide support for ARM Schedule 15	
ACC DEPR – Monthly Activity by plant account, to provide support for ARM Schedule 16	
WC – Calculation of 13 month average balance of Working Capital by category, to provide support for ARM Schedule 19	
ARM Reg Asset – Monthly activity, to provide support for ARM Schedule 20	
REVENUE WORKPAPERS	
Regression Analysis for the Computation of Base Rate Reset Billing Determinants, to provide support for ARM Schedules 22A, 22B & 28	
Calculation of 30-year Average Heating Degree Days, to provide support for ARM Schedule 27	
Per Books for the 12ME 12/31/20 Revenue Categories, to provide support for ARM Schedule 6A Column A	
ADIT Refund Elimination, to provide support for ARM Schedule 6A, Line 7, Column A	
O&M EXPENSE WORKPAPERS	
Other Purchased Gas Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 1	
Gas Storage Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 2	
Transmission Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 3	
Distribution Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 4	
Sales Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 8	
Other Admin & General Expense, to provide support for ARM Schedule 5 Line 18	
General Ledger transaction level detail for all O&M Charges	
General Ledger transaction level detail for all O&M Charges allocated to Tennessee operations from the Service Corporation (DEBS)	
Calculation of depreciation expense allocated to Tennessee operations from the Service Corporation (DEBS) pursuant to Section 17.m. of the 2020 Rate Case Settlement	
OTHER WORKPAPERS	
Calculation of O&M Expense for Lead/Lag to provide support for ARM Schedules 4A and 4B Lines 5 through 19	
Calculation of General Taxes, to provide support for ARM Schedule 7	
Statutory State Calculation of Composite Excise Tax Rate, to provide support for ARM Schedule 11 Line 6 and 12	
Calculation of Annual EDIT Amortization for Protected PPE, to provide support for ARM Schedule 8 Line 21	
Capital Structure and Cost Rates, to provide support for ARM Schedule 10	
ARM Reconciliation Deferred Account Activity by month, to provide support for ARM Schedule 12	

Other Schedules

- 53) Variance Reporting: As part of its Annual ARM filing, Piedmont shall prepare and file with the TPUC, with a copy to the Consumer Advocate, a Variance Report that identifies and explains each and every Piedmont revenue and operating expense

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- account and/or subaccount for which the Tennessee amount (including amounts allocated to Tennessee) either exceeds the prior year's amount (based on amounts either as filed by Piedmont in the Annual ARM Filing or as adjusted by the TPUC under Tennessee Code Annotated Section 65-5-103(d)(6)(C) by 5% and \$30,000.
- 54) The monthly balances of short-term debt, long-term debt and equity at December 31st of the month preceding the beginning of the HBP as well as month end balances throughout the HBP.
- 55) The amount of accrued expenses recorded in the HBP along with a full explanation identifying the nature of each accrual, further identified between direct and allocated charges.
- 56) If not in the Cost Allocation Manual, the Company shall supply a description of each 'Operating Unit', 'Allocation Pool ID', 'Resource Type ID', 'Source CD JD', and 'Project ID CB' included within its O&M Expense workpaper: General Ledger transaction level detail for all O&M Charges allocated to Tennessee operations from DEBS.
- 57) A description of each DEBS asset whose allocated costs to Piedmont-Tennessee operations is \$50,000 annually or more.
- 58) A schedule of the Company's HBP accounting entries made for the 'return to provision' transaction reflecting the impacts of its filed tax return made in the year subsequent to the HBP, along with an explanation of the impact of the transaction on the regulate return in the period the entry is made.
- 59) The following operating metrics for the HBP:
- a. Response Time to Emergency Calls
 - b. Age of Natural Gas Leaks
 - c. Number of Natural Gas Leaks by Grade.

V. OTHER

Consumer Advocate Authority to Petition

The Consumer Advocate shall have the right in its sole discretion to file a petition or complaint asking the Commission to terminate or modify any ARM Tariff resulting from Docket No. 21-00135 or any directly or indirectly related docket or to take any other action contemplated by Tennessee Code Annotated Section 65-5-103(d)(6). The Company shall not oppose the Consumer Advocate's petition or complaint filed under this Section on the grounds that such a proceeding is not statutorily authorized or that Consumer Advocate is not authorized to bring such a proceeding; provided, however, that the Company reserves all rights with regard to the merits of any termination or modification or other relief that the Consumer Advocate may request or position that the Consumer Advocate may assert in any such proceeding.

SERVICE SCHEDULE NO. 318

Annual Review Mechanism (ARM)

I. OVERVIEW

Applicable

To service provided to customers under all Rate Schedules, including service provided to customers under approved special contracts.

Purpose

This Annual Review Mechanism ("ARM") is implemented under the provisions of Tennessee Code Annotated Section 65-5-103(d)(6), which authorizes the Company to elect to opt into an annual review of the Company's rates. Pursuant to this ARM and the annual filings described herein, the Company's rates shall be adjusted to provide that the Company earns its Authorized Return on Equity on prudently incurred costs as defined by the Tennessee Public Utility Commission ("TPUC" or the "Commission"). The rate adjustments implemented under the ARM, which are to the Company's Base Margin Rates and its ARM Rider Rates, will reflect changes in the Company's jurisdictional operating revenues, cost of service, and rate base. Jurisdictional operating revenues and expenses exclude gains or losses related to gas supply hedging activities, off system sales, other gas supply and capacity secondary marketing activities, and other non-jurisdictional transactions as determined by the Commission. The ARM may be terminated or modified as provided under of Tennessee Code Annotated Section 65-5-103(d)(6)(D).

Piedmont's Base Margin Rates and ARM Rider Rates shall be reset on an annual basis pursuant to the procedures and information specified in this Tariff.

Nothing in this Tariff shall preclude intervenors or the Commission from identifying errors, omissions, or inconsistencies in the Company's ARM calculations, including adjusting such items within the determination of HBP results.

Global Definitions

- A. **Annual ARM Filing** shall consist of the components described below. The Company will simultaneously copy the Consumer Advocate on all Annual ARM Filings.
- B. **Annual ARM Filing Date** shall be the date the Company submits its Annual ARM Filing to the TPUC. The Annual ARM Filing Date shall be no later than May 20 of each year. The initial Annual ARM Filing shall be submitted by May 20, 2023 and shall include results for the Historical Base Period of calendar year 2022.

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- C. **Annual ARM Proceeding** refers to the annual docketed proceedings in which the Company's Annual ARM Filings shall be reviewed.
- D. **Historic Base Period ("HBP")** is defined as the Company's most recently completed 12-month fiscal year ended December 31 prior to each ARM Annual Filing Date. The initial HBP shall be the 12-month fiscal year ended December 31, 2022.
- E. **Effective Date of ARM Rates** refers to the date that new ARM Rider Rates and new Base Margin Rates take effect. The Effective Date of ARM Rates shall be October 1 of each year pursuant to the Annual ARM Filing. As such, all bills rendered starting with October cycle 1 each year shall be billed under the new ARM Rider Rates and new Base Margin Rates.
- F. **2020 Rate Case Settlement** refers to the Stipulation and Settlement Agreement between Piedmont and the Consumer Advocate filed with the TPUC on February 2, 2021 in Docket No. 20-00086, which was subsequently approved by the TPUC.
- G. **Authorized Return on Equity** is defined as the 9.80% return on equity established in Docket No. 20-00086, or that which is established by the TPUC in any subsequent general rate case for the Company.
- H. **Overall Cost of Capital** is defined as the overall cost of capital for the applicable period, as stated on ARM Filing Schedule 10.
- I. **HBP Net Operating Income Deficiency (Sufficiency)** shall be computed as the difference between the net operating income for return in the HBP and the net operating income for return in the HBP that is required to produce the Authorized Return on Equity.
- J. **HBP Revenue Requirement Deficiency (Sufficiency)** shall be the HBP Net Operating Income Deficiency (Sufficiency) multiplied by the Revenue Conversion Factor.
- K. **Carrying Costs** are computed by applying an interest rate to the HBP Revenue Requirement Deficiency (Sufficiency) from the midpoint date of the HBP to the effective date of the ARM Rider Rates, which reflects a total of 15 months from July 1 of the HBP thru Sept 30 of the following year. The interest rate used shall be the net-of-tax Overall Cost of Capital rate including the Authorized Return on Equity, for the HBP.
- L. **ARM Reconciliation Deferred Account** shall be the interest-bearing regulatory asset or liability account to which the approved HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs are recorded each October. The actual collections from customers (or refunds to customers) arising from the ARM Rider Rates shall be applied to the ARM Reconciliation Deferred Account each month in order to relieve its balance. Interest shall be accrued monthly to the ARM Reconciliation Deferred Account at a rate equivalent to the Company's net-of-tax Overall Cost of Capital under which Base Margin Rates were last established. Interest shall be applied to the average of the beginning and ending monthly balances. The ARM Reconciliation Deferred Account shall not be included in rate base for purposes of determining the HBP Net Operating Income Deficiency (Sufficiency) or the Annual Base Rate Reset Net Operating Income Deficiency (Sufficiency).
- M. **ARM Regulatory Asset** shall be the account(s) to which the Company records Interest Deferrals and Depreciation Expense Deferrals associated with plant in service that has not

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yet been included in rate base. The Company shall be authorized to establish and include in rate base this ARM Regulatory Asset. The Company shall segregate its deferrals to the ARM Regulatory Asset by HBP. Upon the effective date of new Base Margin Rates each year, the Dec 31 balance of the ARM Regulatory Asset for the most recent HBP shall begin to be amortized evenly over a period of time equivalent to the depreciable life of its underlying plant assets.

- i. **Interest Deferrals:** On a monthly basis, the Company shall record deferred interest to the ARM Regulatory Asset. The rate for such deferred interest shall be the pretax Overall Cost of Capital under which Base Margin Rates were last established. Such deferred interest shall be calculated on all plant placed into service that is not yet included in rate base, and shall continue to accrue and be added to balance of the ARM Regulatory Asset during and after the HBP until such time that the underlying plant is included in rate base. The Company shall take care not to double count the application of Interest Deferrals and the recording of Allowance for Funds Used During Construction (AFUDC). The plant balance upon which the interest deferrals are calculated shall account for incremental plant additions net of a) incremental plant retirements; b) a provision adding or subtracting incremental deferred income taxes on plant assets not yet in rate base; c) a provision subtracting the increase in accumulated depreciation on assets already included in rate base; and d) a provision adding the depreciation expense deferred on assets not yet included in rate base.
 - ii. **Depreciation Expense Deferrals:** On a monthly basis, the Company shall record deferred depreciation expense to the ARM Regulatory Asset on plant not yet included in rate base. This accounting will result in a credit to depreciation expense and a debit to the ARM Regulatory Asset. The deferred depreciation expense shall be calculated on all plant placed into service that is not yet included in rate base, and shall continue to be added to the balance of the ARM Regulatory Asset during and after the HBP until such time that the underlying plant is included in rate base.
- N. **Annual Base Rate Reset Net Operating Income Deficiency (Sufficiency)** shall be computed as the difference in the net operating income for return for the Annual Base Rate Reset period under present Base Rates less the net operating income for return for the Annual Base Rate Reset period that is required to produce the Authorized Return on Equity.
- O. **Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency)** shall be the Annual Base Rate Reset Net Operating Income Deficiency (Sufficiency) multiplied by the Revenue Conversion Factor.
- P. **New Matters** refers to any issue, adjustment and/or ambiguity in or for any account, method of accounting or estimation, or ratemaking topic that would directly or indirectly affect the Annual ARM Filing for which there is no explicit prior determination by the TPUC regarding the Company since the 2020 Rate Case Settlement.
- Q. **ARM Rider Rates** refer to the customer billing rates per therm intended to relieve the ARM Reconciliation Deferred Account Balance over a 12-month period. The ARM Rider Rates will be updated each year on the Effective Date of ARM Rates. In each Annual ARM Filing, the Company shall propose new ARM Rider Rates based on the current

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- Annual ARM Proceeding's HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs, plus the maximum of the ARM Deferred Account Balance at March 31 of the year after the HBP or any remaining ARM Deferred Account Balance, as appropriate.
- R. **Base Rates** refer to those base rates per therm shown in Columns <1>, <2> and <3> of the Company's Tariff Sheet No. 1.
- i. **Base Margin Rates** refer to those base rates per therm shown in Column <1> of the Company's Tariff Sheet No. 1. The Base Margin Rates will be adjusted each year on the Effective Date of ARM Rates in accordance with the approved Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency).
 - ii. **Base PGA Rates** refer to those base rates per therm shown in Columns <2> and <3> of the Company's Tariff Sheet No. 1, which are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, "Purchased Gas Adjustment (PGA) Rider".
- S. **Applicable Rate Schedules** are the Rate Schedules for which the ARM Rider Rates and the Base Margin Rates as updated under the ARM shall apply. The Applicable Rate Schedules are Rate Schedules 301, 302, 343, 352, 303, 304, 310, 313 and 314, which represent all of Piedmont's Rate Schedules.
- T. **Revenue Conversion** Factor shall be computed consistent with the paragraph 14.m. of the 2020 Rate Case Settlement.

Components of the Annual ARM Filing

On the Annual ARM Filing Date each year, the Company shall file with the TPUC schedules and workpapers that calculate the HBP Revenue Requirement Deficiency (Sufficiency) and the Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency) in accordance with this tariff. The Company's Annual ARM Filing shall specifically include the following:

1. ARM Filing Schedules, described in Section IV herein.
2. Workpapers supporting the ARM Filing Schedules (in electronic, native format with formulas intact).
3. Direct Testimony supporting the ARM Filing Schedules and requested rate adjustments, and also specifically including:
 - a. An explanation of the nature and extent of incremental deferred environmental expenses, pursuant to the requirements of para. 17.i. of the 2020 Rate Case Settlement; and
 - b. An explanation and support to demonstrate that incremental pension deferral amounts were prudently incurred to meet the Company's obligation to qualified employees and retirees, pursuant to the requirements of para. 17.b. of the 2020 Rate Case Settlement.¹

¹ Pursuant to Commission Order issued July 25, 2022 in Docket No. 21-00135, no additional regulatory asset for pension or OPEB above the amount that was authorized for recovery in Piedmont's last rate case shall be established for ratemaking purposes unless the Company first obtains express approval from the Commission.

4. Attestation from a Company officer, signed and notarized.
5. Proposed Tariff Changes.
6. Proposed Procedural Schedule.

II. HBP RECONCILIATION

The following methodologies shall be used in the ARM Filing Schedules, supporting workpapers and computations necessary to calculate the Company's HBP Revenue Requirement Deficiency (Sufficiency).

The HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs shall be recovered through the ARM Rider Rates. The ARM Rider Rates shall be established for the Applicable Rate Schedules based on the amount of the ARM Reconciliation Deferred Account balance at March 31 of the year after the HBP plus the current Annual ARM Proceeding's HBP Revenue Requirement Deficiency (Sufficiency) and Carrying Costs.

The ARM Rider Rates shall be developed for each Applicable Rate Schedule based upon the respective customer billing determinants used in the computation of the Gas Sales and Transportation Revenues under Section III of this Tariff. In its Annual ARM Filing, Piedmont shall make a proposal for how to allocate any amount of HBP Revenue Requirement Deficiency (Sufficiency) among the Applicable Rate Schedules and the specific design for how the ARM Rider Rates are to be increased (decreased) for each Applicable Rate Schedule in accordance with the approved methodologies. Any intervenor party may make its own proposal for how the revenue deficiency (sufficiency) should be allocated to the Applicable Rate Schedules and the rate design for any increase (decrease) in the ARM Rider Rates. Based upon a final determination that the ARM Rider Rates need to be increased (decreased), the Commission shall order such increase (decrease) in the ARM Rider Rates be based upon the proposals of the parties or such other revenue allocation and rate design decision as it may find to be in the public interest.

Operating Revenues

- 1) **Gas Sales and Transportation Revenues** shall reflect such actual revenues from Base Rates billed for service provided to customers pursuant to the provisions of the Company's TPUC-approved rates and charges (including special contracts) and recorded during the HBP.
- 2) **Forfeited Discount Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and recorded during the HBP.
- 3) **Other Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and HomeServe Warranty Program revenues as recorded during the

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HBP, exclusive of revenues related to off system sales, other gas supply and capacity secondary marketing activities, and customer cash-out activities.

- 4) **Margin Revenues** shall reflect the sum of the Gas Sales and Transportation Revenues, Forfeited Discount Revenues and Other Revenues described herein, less Purchased Gas Expenses [Cost of Gas].

Operating Expenses

- 5) **Purchased Gas Expenses [Cost of Gas]** shall be set equivalent to the PGA portion of the actual Gas Sales and Transportation Revenues during the HBP. Note that the actual purchased gas expenses are recorded to general ledger account 804, and are recovered by the Company through the PGA mechanism.
- 6) **Other Purchased Gas Expenses** shall reflect such actual expenses recorded during the HBP. Note that these are expenses not eligible for recovery by the Company through the PGA mechanism.
- 7) **Uncollectible & Bad Debt Expenses** shall reflect such actual expenses recorded during the HBP.
- 8) **Lobbying Expenses** recorded during the HBP shall be entirely excluded from the computation of Operating Expense.
- 9) **Employee Salaries & Wages Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities and any such costs deemed excessive or not otherwise in the public interest.
- 10) **Employee Incentive Compensation Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities. Also, fifty percent of the STIP expenses recorded during the HBP and one hundred percent of the LTIP expenses recorded during the HBP shall be excluded from the computation of Operating Expenses, consistent with paragraph 14.h. of the 2020 Rate Case Settlement.
- 11) **Amortization Expenses for Deferred Rate Case Expenses for Docket No. 20-00086** recorded during the HBP shall be entirely excluded from the computation of Operating Expense, consistent with paragraphs 14.k. and 17.f. of the 2020 Rate Case Settlement.
- 12) **Amortization Expenses for Deferred Environmental Costs** shall reflect the unamortized portion of previously-approved deferred environmental costs in accordance with the previously-approved amortization period. The Company may seek recovery of Environmental Costs incurred during the HBP, in accordance with Section III. Annual Base Rate Reset of this Tariff, upon a showing of prudence and that such costs are not recoverable through insurance policies.
- 13) **Amortization Expenses for Deferred Pension Costs** shall reflect the annual expense for unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in accordance with the approved amortization period from the Company's last rate case.
- 14) **Other Pension Expenses and OPEB Expenses** shall be the Tennessee jurisdictional portion of the actuarially-determined minimum contribution requirement. Any Pension and

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OPEB expenses computed and recorded in accordance with GAAP, including actual contributions, during the HBP shall be excluded.

- 15) **Expense for Allocated Return on DEBS Assets** shall reflect such actual expenses properly incurred, and charged to the Company's Tennessee jurisdiction during the HBP, adjusted to reflect a return based on the Authorized Return on Equity, and exclusive of any such expense related to return on DEBS pension assets. Such return shall be applied to the balance of DEBS assets net of Accumulated Depreciation and Accumulated Deferred Income Taxes (ADIT). Recoverable expenses shall exclude any such expense related to the return on DEBS pension assets.
- 16) **Expense for TPUC Fee** shall reflect such actual expenses recorded during the HBP.
- 17) **Other O&M Expenses** shall reflect such actual expenses recorded during the HBP including HomeServe Warranty Program expenses, as well as recoverable promotional and advertising expenses consistent with Commission Rule 1220-04-05-.45, exclusive of any such expenses related to lobbying activities, and shall reflect costs necessary in the provision of natural gas service.
- 18) **Other Expense Adjustments** shall reflect adjustments made by the Company to exclude any known expenses improperly recorded as an Operating Expense during the HBP.
- 19) **Depreciation Expenses** shall reflect such actual expenses recorded during the HBP, net of credits recorded during the HBP related to Depreciation Expense Deferrals.
- 20) **Amortization Expenses for ARM Regulatory Asset** shall reflect such actual expenses recorded during the HBP related to relieving the ARM Regulatory Asset pursuant to approvals granted in prior Annual ARM Proceedings.
- 21) **Payroll Tax Expenses** shall reflect such actual expenses recorded during HBP, adjusted to comport with the labor and other compensation expense adjustments described herein.
- 22) **Property Tax Expenses** shall reflect such actual expenses recorded during the HBP.
- 23) **Other General Tax Expense** shall reflect such actual expenses recorded during the HBP.
- 24) **Amortization of Investment Tax Credit** shall reflect such actual expenses recorded during the HBP.
- 25) **State Excise Tax Expense** shall be computed using Tennessee's statutory 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.
- 26) **Federal Income Tax Expense** shall be computed using the statutory federal tax rate in effect as of December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses herein including synchronized interest on debt. Federal Income Tax Expense shall be further adjusted for the amortized return of protected federal excess accumulated deferred income taxes ("EDIT") resulting from the 2017 Tax Act.

Adjustments to Net Operating Income

- 27) **AFUDC** shall reflect the 13-month average CWIP balance during the HBP multiplied by the Overall Cost of Capital in the HBP including the Authorized Return on Equity.
- 28) **Interest on Customer Deposits** shall reflect such actuals recorded during the HBP.

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Rate Base

- 29) **Utility Plant in Service** shall reflect the 13-month average of the actual end-of-month ("EOM") balances for the HBP and the month prior to the HBP. Any amount recorded to plant in service that is not truly used in providing service to customers should be removed from general ledger account 101 and either written off or reclassified to an appropriate general ledger account. The Company has the burden to demonstrate the accuracy of recordings to plant in service.
- 30) **Accumulated Depreciation** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP.
- 31) **CWIP** shall reflect the 13-month average of the actual EOM balances, exclusive of fifty percent of STIP costs and one hundred percent of LTIP costs recorded to CWIP during the HBP and the month prior to the HBP, consistent with paragraph 14.h. of the 2020 Rate Case Settlement. Pension and OPEB cost loadings to construction projects and accounted for in CWIP shall be accounted for consistent with how such expenses are recoverable in the HBP (see above item 14 – Other Pension and OPEB expenses).
- 32) **ARM Regulatory Asset** shall reflect the 13-month average of the actual EOM balances for the HBP, excluding the components of such balance associated with the Interest Deferrals.
- 33) **ADIT** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP, exclusive of any amounts related to unprotected federal EDIT subject to refund to customers pursuant to the TPUC's August 6, 2019 Order in Docket No. 18-00040. Items included in ADIT should be determined consistent with the inclusion/exclusion of revenue and expense items represented in the HBP and consistent with Tennessee's state tax rate in effect at December 31 of the HBP. Any Tennessee state tax rate change will result in an excess or deficient ADIT balance and that such excess or deficiency should be preserved on the Company's books for appropriate regulatory treatment within subsequent ARM filings.
- 34) **Cash Working Capital (Lead-Lag)** shall be computed in conformity with the lag days and categories of revenue and expense in the 2020 Rate Case Settlement.
- 35) **Other Working Capital** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP, for the following:
- a. Material and Supplies
 - b. Gas Inventory
 - c. Prepaid Insurance
 - d. Fleets & Overheads
 - e. Accounts Payables applicable to CWIP
 - f. Accounts Payables applicable to Materials and Supplies
 - g. Customer Deposits
 - h. Interest on Customer Deposits
 - i. Accrued Vacation

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- j. The Company may request recovery of any Deferred Debits for Environmental Costs. The Company shall bear the burden of proof that such costs are appropriately included in rate base.
- k. Pension Costs: Piedmont shall be allowed to recover through the ARM the unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in Docket No. 20-00086 through annual expense amortizations over the remaining portion of the authorized eight-year amortization period. No additional regulatory asset for pensions or OPEBs above the amount that was authorized in Piedmont's last rate case shall be established for ratemaking purposes unless the Company first obtains express approval from the Commission.

Capitalization

- 36) **Capital Structure** shall reflect the actual long-term debt, short-term-debt and common equity (not including the impact of goodwill) each as a percentage of total average capitalization for the 13-month period ending December 31 of the HBP.
- 37) **Long Term Debt Cost** shall reflect the actual average embedded cost of long-term debt for the 13-month period ending December 31 of the HBP. The computation of the embedded cost of long-term best shall include an adjustment for unamortized loss on reacquired debt and credit facility fees.
- 38) **Short Term Debt Cost** shall reflect the actual average cost rate of short-term debt borrowings (Piedmont's intercompany money pool borrowings) for the 13-month period ending December 31 of the HBP.
- 39) **Authorized Return on Equity** as defined in Section I of this Tariff.

III. ANNUAL BASE RATE RESET

The following methodologies shall be used in the ARM Filing Schedules, supporting workpapers and computations necessary to calculate the Company's Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency).

The updated Base Rates for each Applicable Rate Schedule shall be developed based upon the respective customer billing determinants the used in the computation of the Gas Sales and Transportation Revenues as set forth in Section III of this Tariff herein. In its Annual ARM Filing, Piedmont shall make a proposal for how to allocate any amount of Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency) among the Applicable Rate Schedules and the specific design for how the updated Base Rates are to be increased (decreased) for each Applicable Rate Schedule in accordance with the approved methodologies. Any intervenor party may make its own proposal for how the revenue deficiency (sufficiency) should be allocated to the Applicable Rate Schedules and the rate design for any increase (decrease) in the Base Rates for the Annual Base Rate Reset. Based upon a final determination that the Base Rates need to be increased

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(decreased), the Commission shall order such increase (decrease) in the Base Rates be based upon the proposals of the parties or such other revenue allocation and rate design decision as it may find to be in the public interest.

Operating Revenues

- 1) **Gas Sales and Transportation Revenues** shall be computed, as follows:
 - a. For service rendered under Rate Schedules 301 (Residential), 302 (Small General) and 352 (Medium General) respectively, the actual usage during the 12-month period comprising the HBP shall be normalized for weather. For this purpose, Normal Heating Degree Days (NHDD) shall be the average of the actual daily heating degree days experienced in the 30-year period ending December 31 of each HBP. A simple linear regression analysis² using actual heating degree days for each month of the HBP, actual usage by rate schedule for each month of the HBP, and the monthly NHDD will be performed to derive the normalized base load usage and heat-sensitive usage per customer for each rate schedule. Such normalized base load usage and heat-sensitive usage per customer for each rate schedule shall then be aligned with the monthly NHDD and actual number of bills rendered each month of the HBP to establish the total normalized customer usage by month by rate schedule. Normalized revenues shall then be computed by applying the present Base Rates (clean rates, which are the rate components shown in columns <1>, <2> and <3> on the Company's Tariff Sheet No. 1, and excluding ARM Rider Rates and all other non-base rates) to the derived normalized monthly customer usage and associated monthly customer count for each rate schedule.
 - b. For service rendered under Rate Schedules 303 (Large General Sales - Firm), 304 (Large General Sales - Interruptible), 310 (Resale Service), 313 (Large General Transportation - Firm), 314 (Large General Transportation - Interruptible) and 343 (Motor Vehicle Fuel Service), revenues shall be computed by applying the present Base Rates (clean rates, which are the rate components shown in columns <1>, <2> and <3> on the Company's Tariff Sheet No. 1, and excluding ARM Rider Rates and all other non-base rates to the actual monthly customer usage and customer count for each rate schedule during the HBP.
 - c. For service rendered under special contracts, revenues shall be the actuals recorded during the HBP. Should a special contract customer move to a tariff rate during or after the completion of the HBP, the revenue for that customer shall instead be computed pursuant to subpart a or b above, as warranted.

² The methodology for computing and updating base load and heat sensitivity factors shall be the simple linear regression analysis methodology ordered by the Commission for Atmos Energy Corporation in Docket No. 14-00146 and Chattanooga Gas Company in Docket No. 18-00017. The updated base load and heat sensitivity factors shall be utilized for the Company's WNA for the applicable period of time immediately following the TPUC's decision on the Company's Annual ARM Filing.

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- 2) **Forfeited Discount Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and recorded during the HBP.
- 3) **Other Revenues** shall reflect such actual revenues related to service provided to customers pursuant to the provisions of Company's TPUC-approved rates and charges (including special contracts) and HomeServe Warranty revenues as recorded during the HBP, exclusive of revenues related to off system sales, other gas supply and capacity secondary marketing activities, and customer cash-out activities.
- 4) **Margin Revenues** shall reflect the sum of the Gas Sales and Transportation Revenues, Forfeited Discount Revenues and Other Revenues, net of the amount of Purchased Gas Expenses.

Operating Expenses

- 5) **Purchased Gas Expenses [Cost of Gas]** shall be set equivalent to the computed PGA portion of Gas Sales and Transportation Revenues.
- 6) **Other Purchased Gas Expenses** shall reflect such actual expenses recorded during the HBP. Note that these are expenses not recovered by the Company through the PGA mechanism.
- 7) **Uncollectible & Bad Debt Expenses** shall reflect such actual expenses recorded during the HBP.
- 8) **Lobbying Expenses** recorded during the HBP shall be entirely excluded from the computation of Operating Expense.
- 9) **Employee Salaries & Wages Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities and any such costs deemed excessive or not otherwise in the public interest.
- 10) **Employee Incentive Compensation Expenses** shall reflect such actual expenses recorded during the HBP, exclusive of any such expenses related to lobbying activities. Also, fifty percent of the STIP expenses recorded during the HBP and one hundred percent of the LTIP expenses recorded during the HBP shall be excluded from Operating Expenses, consistent with paragraph 14.h. of the 2020 Rate Case Settlement.
- 11) **Amortization Expenses for Deferred Rate Case Expenses for Docket No. 20-00086** recorded during the HBP shall be entirely excluded from the computation of Operating Expense, consistent with paragraphs 14.k. and 17.f. of the 2020 Rate Case Settlement.
- 12) **Amortization Expenses for Deferred Environmental Costs** shall reflect the unamortized portion of previously-approved deferred environmental costs in accordance with the previously-approved amortization period. The Company may also herein seek recovery of Environmental Costs incurred during the HBP upon a showing of prudence and that such costs are not recoverable through insurance policies, and

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such Environmental Costs shall be represented herein in accordance with the previously-approved amortization period.

- 13) **Amortization Expenses for Deferred Pension Costs** shall reflect the unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in accordance with the approved amortization period from the Company's last rate case.
- 14) **Other Pension Expenses and OPEB Expenses** shall be the Tennessee jurisdictional portion of the actuarially-determined minimum contribution requirement. Any Pension and OPEB expenses computed and recorded in accordance with GAAP, including actual contributions, during the HBP shall be excluded.
- 15) **Expense for Allocated Return on DEBS Assets** shall reflect such actual expenses properly incurred, and charges to the Company's Tennessee jurisdiction during the HBP, adjusted to reflect a return based on the Authorized Return on Equity, and exclusive of any such expense related to return on DEBS pension assets. Such return shall apply to the balance of DEBS assets net of Accumulated Depreciation and Accumulated Deferred Income Taxes (ADIT). Recoverable expenses shall exclude any such expense related to the return on DEBS pension assets.
- 16) **Expense for TPUC Fee** shall reflect such actual expenses recorded during the HBP.
- 17) **Other O&M Expenses** shall reflect such actual expenses recorded during the HBP including HomeServe Warranty Program expenses, as well as recoverable promotional and advertising expenses consistent with Commission Rule 1220-04-05-.45, exclusive of any such expenses related to lobbying activities, and shall reflect costs necessary in the provision of natural gas service.
- 18) **Other Expense Adjustments** shall reflect adjustments made by the Company to exclude any known expenses improperly recorded as an Operating Expense during the HBP.
- 19) **Depreciation Expenses** shall be computed as annualized depreciation expense aligned with the actual December 31 HBP balance of Utility Plant in Service. Depreciation expenses shall be computed using the depreciation rates approved by the Commission in the Company's most recent general rate case or any subsequent approval.
- 20) **Amortization Expenses for ARM Regulatory Asset** shall be computed as annualized amortization expense aligned with the actual December 31 HBP balance of the ARM Regulatory Asset pursuant to approvals granted in prior Annual ARM Proceedings.
- 21) **Payroll Tax Expenses** shall reflect such actual expenses recorded during HBP, adjusted to comport with the labor and other compensation expense adjustments.
- 22) **Property Tax Expenses** shall reflect such actual expenses recorded during the HBP.
- 23) **Other General Tax Expense** shall reflect such actual expenses recorded during the HBP.
- 24) **Amortization of Investment Tax Credit** shall reflect such actual expenses recorded during the HBP.

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- 25) **State Excise Tax Expense** shall be computed using Tennessee's statutory state tax rate in effect as of December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses as described including synchronized interest on debt.
- 26) **Federal Income Tax Expense** shall be computed using the statutory federal tax rate in effect as of December 31 of the HBP, and in alignment with the representation of the adjusted revenues and expenses herein including synchronized interest on debt. Federal Income Tax Expense shall be further adjusted for the amortized return of protected federal excess accumulated deferred income taxes ("EDIT") resulting from the 2017 Tax Cuts and Jobs Act.

Adjustments to Net Operating Income

- 27) **AFUDC** shall be represented as the CWIP balance at December 31st of the HBP multiplied by the Overall Cost of Capital at December 31st of the HBP including the Authorized Return on Equity.
- 28) **Interest on Customer Deposits** shall reflect such actuals recorded during the HBP.

Rate Base

- 29) **Utility Plant in Service** shall reflect the actual December 31 HBP balance. Any amount recorded to plant in service that is not truly used in providing service to customers should be removed from Account 101 and either written off or reclassified to an appropriate account. The Company has the burden to demonstrate the accuracy of recordings to Plant in Service.
- 30) **Accumulated Depreciation** shall reflect the actual December 31 HBP balance.
- 31) **CWIP** shall reflect the actual December 31 HBP balance, exclusive of fifty percent of STIP costs and one hundred percent of LTIP costs recorded to CWIP during the HBP, consistent with paragraph 14.h. of the 2020 Rate Case Settlement. Pension and OPEB cost loadings to construction projects and accounted for in CWIP shall be accounted for consistent with how such expenses are recoverable in the HBP (see above item 14 – Other Pension and OPEB expenses).
- 32) **ARM Regulatory Asset** shall reflect the actual unamortized December 31 HBP balance.
- 33) **ADIT** shall reflect the actual December 31 HBP balance, exclusive of any amounts related to the unprotected federal EDIT subject to refund to customers pursuant to the TPUC's August 6, 2019 Order in Docket No. 18-00040. Items included in ADIT should be determined consistent with the inclusion/exclusion of revenue and expense items reflected in the HBP and consistent with Tennessee's state tax rate in effect at December 31 of the HBP.
- 34) **Cash Working Capital (Lead-Lag)** shall be computed in conformity with the lag days and categories of revenue and expense in the 2020 Rate Case Settlement.

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- 35) **Other Working Capital** shall reflect the 13-month average of the actual EOM balances for the HBP and the month prior to the HBP, for the following:
- a. Material and Supplies
 - b. Gas Inventory
 - c. Prepaid Insurance
 - d. Fleets & Overheads
 - e. Accounts Payables applicable to CWIP
 - f. Accounts Payables applicable to Materials and Supplies
 - g. Customer Deposits
 - h. Interest on Customer Deposits
 - i. Accrued Vacation
 - j. The Company may request recovery of any Deferred Debits for Environmental Costs. It shall bear the burden of proof that such costs are appropriately included in Rate Base.
 - k. Pension Costs: Piedmont shall be allowed to recover through the ARM the unamortized balance of the pension regulatory asset included in the agreed-upon rate base in the Company's last rate case in Docket No. 20-00086 through annual expense amortizations over the remaining portion of the authorized eight-year amortization period. No additional regulatory asset for pensions or OPEBs above the amount that was authorized in Piedmont's last rate case shall be established for ratemaking purposes unless the Company first obtains express approval from the Commission.

Capitalization Components

- 36) **Capital Structure** shall reflect the long-term debt, short-term-debt and common equity (not including the impact of goodwill) each as a percentage of total capitalization as of December 31 of the HBP.
- 37) **Long Term Debt Cost** shall reflect the actual embedded cost of long-term debt as of December 31 of the HBP. The computation of the embedded cost of long-term debt shall include an adjustment for unamortized loss on reacquired debt and credit facility fees.
- 38) **Short Term Debt Cost** shall reflect the computed average cost rate of short-term debt borrowings (Piedmont's intercompany money pool borrowings) during the HBP.
- 39) **Authorized Return on Equity** as defined in Section I of this tariff

IV. ARM FILING SCHEDULES

LEAD SCHEDULES	
1	Results of Operations
2	Rate Base
3	Lead Lag Results
4A	Working Capital Expense Lag for HBP

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4B	Working Capital Expense Lag for Annual Base Rate Reset
5	O&M Expense Summary
6A	Revenue Summary
6B	Revenue Detail
7	General Tax Summary
8	Excise and Income Tax Summary
9	Income Statement under Present Rates & Proposed Rates
10	Cost of Capital Summary
11	Revenue Conversion Factor & Tax Gross Up Factor
12	Carrying Costs and ARM Reconciliation Deferred Account Balance

RATE BASE SCHEDULES	
13	Utility Plant in Service – End of Month Balances, calculation of 13 month average balance
14	Depreciation Expense – Calculation of Depreciation and Amortization Expense based on HBP Utility Plant in Service
15	Construction Work in Progress – End of Month Balances, calculation of 13 month average balance
16	Accumulated Depreciation – End of Month Balances, calculation of 13 month average balance
17	Contributions in Aid of Construction – End of Month Balances, calculation of 13 month average balance
18	ADIT – End of Month Balances, calculation of 13 month average balance
19	Cash Working Capital – Summary of 13 month average balance
20	ARM Regulatory Asset Balances and Activity by Month

REVENUE SCHEDULES	
21	Historic Base Period Revenue Components by Rate Schedule & Special Contract
22A	Annual Base Rate Reset Total Revenues by Rate Schedule and Special Contract
22B	Annual Base Rate Reset Revenue Components by Rate Schedule and Special Contract
23	Annual Base Rate Reset Other Revenues
24	Summary of Normalized Billing Determinants and Proposed Margin Revenues
25	Proof of Revenue at Proposed Rates
26	Revenue Changes by Rate Schedule
27	Normal Heating Degree Days
28	Factors for Weather Normalization Adjustment (WNA)

O&M EXPENSE SCHEDULES	
29	Customer Accounts & Service Expense, including uncollectible ratio calculation
30	Employee Salary and Wage Expense
31	Employee Short Term Compensation Expense
32	Employee Long Term Compensation Expense
33	Deferred Environmental Regulatory Amortization and Cost Support
34	Deferred Pension Regulatory Amortization and Pension Plan Contribution Support
35	Return on Service Company (DEBS) Assets
36	Other Pension Expense
37	Lobbying Expense, Charitable Contribution, Social Club Membership Adjustment
38	Promotional and Advertising Expenses, consistent with Commission Rule 1220-04-05-.45

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FINANCIAL REPORTS	
39	Tennessee Allocated Income Statement, including details of all revenues and expenses for the HomeServe Warranty Program
40A	Total Piedmont Regulatory View Year End Income Statement
40B	Total Piedmont SEC View Year End Income Statement
40C	Parent (Duke Energy Corporation) Year End Income Statement
40D	Service Company (DEBS) Year End Income Statement
40E	Total Piedmont Regulatory View Year End Balance Sheet
40F	Total Piedmont SEC View Year End Balance Sheet
40G	Parent (Duke Energy Corporation) Year End Balance Sheet
40H	Service Company (DEBS) Year End Balance Sheet
41A	Total Piedmont Monthly Trial Balance Regulatory View
41B	Total Piedmont Monthly Trial Balance SEC View
41C	Parent (Duke Energy Corporation) Monthly Trial Balance Regulatory View
41D	Parent (Duke Energy Corporation) Monthly Trial Balance SEC View
41E	Service Company (DEBS) Monthly Trial Balance Regulatory View
41F	Service Company (DEBS) Monthly Trial Balance SEC View

OTHER INFORMATIONAL SCHEDULES	
42	Piedmont Capital Budget for Tennessee operations for year subsequent to HBP
43	Piedmont Operating Budget for the year subsequent to the HBP
44	Piedmont Jurisdictional Allocation Factors: Composite Factors
45	Piedmont Jurisdictional Allocation Factors: Net Plant Factors
46	Cost Allocation Manual
47	Corporate Organizational Structure
48	List of Company Officers
49	Pension and OPEB actuarial reports
50	Employee Incentive Compensation Plan documents
51	Impact of any new accounting pronouncements
52	Additional workpapers as required, and referenced to applicable ARM Filing Schedule

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Schedule 52: List of Additional Workpapers	
RATE BASE WORKPAPERS	
UPIS – Monthly Activity by plant account, to provide support for ARM Schedule 13 and 14	
CWIP – Actual Capital Expenditures by Category and Project Number, to provide support for ARM Schedule 15	
ACC DEPR – Monthly Activity by plant account, to provide support for ARM Schedule 16	
WC – Calculation of 13 month average balance of Working Capital by category, to provide support for ARM Schedule 19	
ARM Reg Asset – Monthly activity, to provide support for ARM Schedule 20	
REVENUE WORKPAPERS	
Regression Analysis for the Computation of Base Rate Reset Billing Determinants, to provide support for ARM Schedules 22A, 22B & 28	
Calculation of 30-year Average Heating Degree Days, to provide support for ARM Schedule 27	
Per Books for the 12ME 12/31/20 Revenue Categories, to provide support for ARM Schedule 6A Column A	
ADIT Refund Elimination, to provide support for ARM Schedule 6A, Line 7, Column A	
O&M EXPENSE WORKPAPERS	
Other Purchased Gas Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 1	
Gas Storage Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 2	
Transmission Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 3	
Distribution Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 4	
Sales Expense Excluding Payroll and Incentive Compensation, to provide support for ARM Schedule 5 Line 8	
Other Admin & General Expense, to provide support for ARM Schedule 5 Line 18	
General Ledger transaction level detail for all O&M Charges	
General Ledger transaction level detail for all O&M Charges allocated to Tennessee operations from the Service Corporation (DEBS)	
Calculation of depreciation expense allocated to Tennessee operations from the Service Corporation (DEBS) pursuant to Section 17.m. of the 2020 Rate Case Settlement	
OTHER WORKPAPERS	
Calculation of O&M Expense for Lead/Lag to provide support for ARM Schedules 4A and 4B Lines 5 through 19	
Calculation of General Taxes, to provide support for ARM Schedule 7	
Statutory State Excise Tax Rate, to provide support for ARM Schedule 11 Line 6 and 12	
Calculation of Annual EDIT Amortization for Protected PPE, to provide support for ARM Schedule 8 Line 21	
Capital Structure and Cost Rates, to provide support for ARM Schedule 10	
ARM Reconciliation Deferred Account Activity by month, to provide support for ARM Schedule 12	

Other Schedules

- 53) Variance Reporting: As part of its Annual ARM filing, Piedmont shall prepare and file with the TPUC, with a copy to the Consumer Advocate, a Variance Report that identifies and explains each and every Piedmont revenue and operating expense

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- account and/or subaccount for which the Tennessee amount (including amounts allocated to Tennessee) either exceeds the prior year's amount (based on amounts either as filed by Piedmont in the Annual ARM Filing or as adjusted by the TPUC under Tennessee Code Annotated Section 65-5-103(d)(6)(C) by 5% and \$30,000.
- 54) The monthly balances of short-term debt, long-term debt and equity at December 31st of the month preceding the beginning of the HBP as well as month end balances throughout the HBP.
 - 55) The amount of accrued expenses recorded in the HBP along with a full explanation identifying the nature of each accrual, further identified between direct and allocated charges.
 - 56) If not in the Cost Allocation Manual, the Company shall supply a description of each 'Operating Unit', 'Allocation Pool ID', 'Resource Type ID', 'Source CD JD', and 'Project ID CB' included within its O&M Expense workpaper: General Ledger transaction level detail for all O&M Charges allocated to Tennessee operations from DEBS.
 - 57) A description of each DEBS asset whose allocated costs to Piedmont-Tennessee operations is \$50,000 annually or more.
 - 58) A schedule of the Company's HBP accounting entries made for the 'return to provision' transaction reflecting the impacts of its filed tax return made in the year subsequent to the HBP, along with an explanation of the impact of the transaction on the regulate return in the period the entry is made.
 - 59) The following operating metrics for the HBP:
 - a. Response Time to Emergency Calls
 - b. Age of Natural Gas Leaks
 - c. Number of Natural Gas Leaks by Grade.

V. OTHER

Consumer Advocate Authority to Petition

The Consumer Advocate shall have the right in its sole discretion to file a petition or complaint asking the Commission to terminate or modify any ARM Tariff resulting from Docket No. 21-00135 or any directly or indirectly related docket or to take any other action contemplated by Tennessee Code Annotated Section 65-5-103(d)(6). The Company shall not oppose the Consumer Advocate's petition or complaint filed under this Section on the grounds that such a proceeding is not statutorily authorized or that Consumer Advocate is not authorized to bring such a proceeding; provided, however, that the Company reserves all rights with regard to the merits of any termination or modification or other relief that the Consumer Advocate may request or position that the Consumer Advocate may assert in any such proceeding.

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EXHIBIT B

Piedmont Natural Gas Company, Inc.
Results of Operations

Line No.		Formula, Schedule or Workpaper Reference	[A] HBP Ending 12/31/23	[B] Annual Base Rate Reset
1	Rate Base	Schedule 2	\$ 1,193,377,304	\$ 1,249,743,221
2	Net Operating Income For Return	Schedule 9	73,667,242	84,331,367
3	Earned Rate of Return	L2 / L1	6.17%	6.75%
4	Fair Rate of Return	Schedule 10	7.05%	7.07%
5	Required Net Operating Income	L4 x L1	84,172,577	88,366,106
6	Net Operating Income Deficiency (Sufficiency)	L5 - L2	10,505,335	4,034,740
7	Gross Revenue Conversion Factor	Schedule 11	1.309403	1.351134
8	Total Revenue Requirement Deficiency (Sufficiency)	L6 x L7	\$ 13,755,717	\$ 5,451,474

Piedmont Natural Gas Company, Inc.
Rate Base

Line No.		Formula, Schedule or Workpaper Reference	(A) 13 Month Average Actual Balances Ending 12/31/23	(B) Adjustments	(C) 13 Month Average HBP Balances Ending 12/31/23	(D) Adjustments	(E) Annual Base Rate Reset
Net Utility Plant Investment:							
1	Utility Plant in Service	Schedule 13	\$ 1,836,343,037	\$ -	\$ 1,836,343,037	\$ 84,208,632	\$ 1,820,551,668
2	Construction Work in Progress	Schedule 15 & Settlement Agreement	85,781,017	(1,280,539)	84,500,478	807,069	85,307,547
3	Accumulated Depreciation	Schedule 16	(534,706,853)	-	(534,706,853)	(10,788,618)	(545,495,471)
4	Contributions in Aid of Construction	Schedule 17	(5,828,754)	-	(5,828,754)	-	(5,828,754)
5	Accumulated Deferred Income Taxes	Schedule 18	(202,182,527)	4,804,827	(187,577,700)	(31,565,891)	(229,143,391)
6	Total Net Utility Plant Investment	L1:L5	\$ 1,179,405,920	\$ 3,324,288	\$ 1,182,730,208	\$ 42,661,391	\$ 1,225,391,599
Working Capital:							
7	Gas Inventory	Schedule 19	\$ 16,187,734	\$ -	\$ 16,187,734	\$ -	\$ 16,187,734
8	Customer Deposits	Schedule 19	(3,946,546)	-	(3,946,546)	-	(3,946,546)
9	Accrued Interest on Customer Deposits	Schedule 19	(571,805)	-	(571,805)	-	(571,805)
10	Materials & Supplies	Schedule 19	1,096,000	-	1,096,000	-	1,096,000
11	Deferred Debits - Hedging	Schedule 19	309,939	-	309,939	-	309,939
12	Deferred Debits - Deferred Environmental	Schedule 19	1,163,926	-	1,163,926	-	1,163,926
13	Deferred Debits - Deferred Pension	Schedule 19	6,672,926	-	6,672,926	-	6,672,926
14	Prepaid Insurance	Schedule 19	159,458	-	159,458	-	159,458
15	Fleets & Other Overheads	Schedule 19	897,223	-	897,223	-	897,223
16	Accounts Payable Related to CWIP	Schedule 19	(16,497,106)	-	(16,497,106)	-	(16,497,106)
17	Accounts Payable Related to M&S	Schedule 19	(49,950)	-	(49,950)	-	(49,950)
18	Accrued Vacation	Schedule 19	(616,131)	-	(616,131)	-	(616,131)
19	Lead/Lag Study Requirement	Schedule 3	n/a	n/a	2,427,519	557,233	2,984,751
20	Total Working Capital	L7:L19	\$ 4,805,668	\$ -	\$ 7,233,167	\$ 557,233	\$ 7,790,420
ARM Regulatory Assets:							
21	ARM Regulatory Asset	Schedule 20	\$ 10,419,994	\$ (7,006,085)	\$ 3,413,909	\$ 13,147,294	\$ 16,561,202
22	Total Rate Base	L6 + L20 + L21	\$ 1,194,631,582	\$ (3,681,797)	\$ 1,193,377,304	\$ 56,365,917	\$ 1,249,743,221

Notes on Schedule 2

Adjustment in Col [B], Line 2:	Adjustment needed for compliance with the Company's approved ARM Tariff (CWIP), as defined on ARM Tariff Original Page 8 of 18, item 31). Adjustment also incorporates the approved provisions pertaining to CWIP for the cumulative impact of Incentive Compensation capitalized during 2023 from the 2024 Stipulation and Settlement Agreement (Paragraph 13) filed in Docket No. 24-00036. See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 5:	Adjustment needed for compliance with the Company's approved ARM Tariff (ADIT, as defined on ARM Tariff Original Page 8 of 18, item 33). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 21:	Adjustment needed for compliance with the Company's approved ARM Tariff (ARM Regulatory Asset, as defined on ARM Tariff Original Page 8 of 18, item 32). See referenced Schedule or Workpaper for further details.
Adjustment in Col [D], Line 1:	Adjustment needed for compliance with the Company's approved ARM Tariff (Utility Plant in Service, as defined on ARM Tariff Original Page 13 of 18, item 29). See referenced Schedule or Workpaper for further details.
Adjustment in Col [D], Line 2:	Adjustment needed for compliance with the Company's approved ARM Tariff (CWIP), as defined on ARM Tariff Original Page 13 of 18, item 31). See referenced Schedule or Workpaper for further details.
Adjustment in Col [D], Line 3:	Adjustment needed for compliance with the Company's approved ARM Tariff (Accumulated Depreciation, as defined on ARM Tariff Original Page 13 of 18, item 30). See referenced Schedule or Workpaper for further details.
Adjustment in Col [D], Line 5:	Adjustment needed for compliance with the Company's approved ARM Tariff (ADIT, as defined on ARM Tariff Original Page 13 of 18, item 33). See referenced Schedule or Workpaper for further details.
Adjustment in Col [D], Line 19:	Adjustment needed for compliance with the Company's approved ARM Tariff (Lead-Lag, as defined on ARM Tariff Original Page 14 of 18, item 34). See referenced Schedule or Workpaper for further details.
Adjustment in Col [D], Line 21:	Adjustment needed for compliance with the Company's approved ARM Tariff (ARM Regulatory Asset, as defined on ARM Tariff Original Page 13 of 18, item 32). See referenced Schedule or Workpaper for further details.

Piedmont Natural Gas Company, Inc.
Lead Lag Results

Line No.		Formula, Schedule or Workpaper Reference	[A]	[B]
			HBP Ending 12/31/23	Annual Base Rate Reset
1	Revenue Lag	Schedules 4A & 4B	\$ 52.08	\$ 52.10
2	Expense Lead	Schedules 4A & 4B	47.45	46.79
3	Net Lag	L1 - L2	4.63	5.31
4	Daily Cost of Service	Schedules 4A & 4B	\$ 523,924	\$ 561,604
5	Net Cash Working Capital Required	L3 x L4	\$ 2,427,519	\$ 2,984,751

Piedmont Natural Gas Company, Inc.
Working Capital Expense Lag for the Historic Base Period

Line No.	Formula, Schedule or Workpaper Reference	[A] HBP Ending 12/31/23	[B] Lag Days per from Docket No. 20-00086	[C] Dollar Days	
Revenues:					
1	Sales & Transportation Revenues	Schedule 9	\$ 264,873,120	52.22	\$ 13,830,973,036
2	Forfeited Discounts Revenue	Schedule 9	1,014,187	42.80	43,410,423
3	Other Operating Revenues	Schedule 9	2,810,741	42.80	120,308,621
4	Total Revenue Lag	L1:L3	\$ 268,698,048	52.08	\$ 13,994,692,080
Purchased Gas and O&M Expense:					
5	Purchased Gas	Schedule 9	\$ 87,099,558	38.57	\$ 3,359,179,216
6	Employee Salaries and Wages (Labor Expense)	Schedule 52U	19,643,848	10.03	196,930,694
7	Incentive Pay - STIP	Schedule 52U	518,476	256.15	132,806,996
8	Incentive Pay - LTIP	Schedule 52U	-	621.50	-
9	Pension & Other Employee Benefits	Schedule 52U	5,995,204	11.55	69,256,731
10	Prepaid Insurance	Schedule 52U	864,113	0.00	-
11	Fleet Expense	Schedule 52U	2,177,995	38.54	83,937,496
12	Credit Card Expense	Schedule 52U	1,695,444	31.63	53,634,380
13	Virtual Card Expense	Schedule 52U	662,334	31.55	20,895,779
14	Service Company Charges	Schedule 52U	4,008,919	20.66	82,827,971
15	Outside Services	Schedule 52U	1,981,478	71.95	142,567,122
16	Regulatory Amortizations	Schedule 52U	1,702,303	0.00	-
17	TPUC Fee Expense	Schedule 52U	1,308,045	270.00	353,172,101
18	Uncollectible (Bad Debt) Expense	Schedule 52U	492,982	0.00	-
19	Other O&M Expenses	Schedule 52U	10,696,440	42.25	451,971,261
20	Depreciation Expense ¹	Schedule 9	-	0.00	-
General Taxes:					
21	Gross Receipts Tax	Schedule 7	1,430,390	-158.50	(226,716,755)
22	Franchise Tax	Schedule 7	3,474,046	45.00	156,332,088
23	Property Tax	Schedule 7	6,750,711	228.98	1,545,757,559
24	Payroll Tax	Schedule 7	1,357,782	28.49	38,684,548
25	Allocated & Other Taxes	Schedule 7	-	35.21	-
26	Amortization of Investment Tax Credit	Schedule 9	(8,087)	0.00	-
Income Taxes:					
27	State Income Taxes	Schedule 8	1,985,221	45.00	89,334,930
28	Provision for Excess Deferred Income Tax (EDIT)	Schedule 8	961,280	0.00	-
29	Federal Income Taxes	Schedule 8	10,465,470	37.50	392,455,114
30	Interest on Customer Deposits	Schedule 9	236,286	0.00	-
Return:					
31	Interest on Long-Term Debt	Schedule 10	22,883,821	92.94	2,126,904,968
32	Interest on Short-Term Debt	Schedule 10	2,848,353	1.49	4,236,384
33	Income for Return ¹	Schedule 10	-	0.00	-
34	Total Expense Lag	L5:L33	\$ 191,232,412	47.45	\$ 9,074,168,583
35	Daily Cost of Service	L34 / 365	\$ 523,924		

Piedmont Natural Gas Company, Inc.
Working Capital Expense Lag for the Annual Base Rate Reset

Line No.	Formula, Schedule or Workpaper Reference	[A] Annual Base Rate Reset	[B] Lag Days from Docket No. 20-00086	[C] Dollar Days	
Revenues:					
1	Sales & Transportation Revenues	Schedule 9	\$ 294,345,420	52.22	\$ 15,369,938,509
2	Forfeited Discounts Revenue	Schedule 9	1,014,187	42.80	43,410,423
3	Other Operating Revenues	Schedule 9	2,551,000	42.80	109,190,888
4	Total Revenue Lag	L1:L3	\$ 297,910,607	52.10	\$ 15,522,539,813
Cost of Gas and O&M Expense:					
5	Purchased Gas	Schedule 9	\$ 93,464,151	38.57	\$ 3,604,643,246
6	Employee Salaries and Wages (Labor Expense)	Schedule 52U	19,643,848	10.03	196,930,694
7	Incentive Pay - STIP	Schedule 52U	518,476	256.15	132,806,996
8	Incentive Pay - LTIP	Schedule 52U	-	621.50	-
9	Pension & Other Employee Benefits	Schedule 52U	5,995,204	11.55	69,256,731
10	Prepaid Insurance - Other Injuries & Damages	Schedule 52U	864,113	0.00	-
11	Fleet Expense	Schedule 52U	2,177,995	38.54	83,937,496
12	Credit Card Expense	Schedule 52U	1,695,444	31.63	53,634,380
13	Virtual Card Expense	Schedule 52U	662,334	31.55	20,895,779
14	Service Company Charges	Schedule 52U	4,008,919	20.66	82,827,971
15	Outside Services	Schedule 52U	1,981,478	71.95	142,567,122
16	Regulatory Amortizations	Schedule 33 and 34	1,884,306	0.00	-
17	TPUC Fee Expense	Schedule 52U	1,308,045	270.00	353,172,101
18	Uncollectible (Bad Debt) Expense	Schedule 52U	492,982	0.00	-
19	Other O&M Expenses	Schedule 52U	10,696,440	42.25	451,971,261
20	Depreciation Expense ¹	Schedule 9	-	0.00	-
General Taxes:					
21	Gross Receipts Tax	Schedule 7	1,430,390	-158.50	(226,716,755)
22	Franchise Tax	Schedule 7	3,474,046	45.00	156,332,088
23	Property Tax	Schedule 7	6,750,711	228.98	1,545,757,559
24	Payroll Tax	Schedule 7	1,357,782	28.49	38,684,548
25	Allocated & Other Taxes	Schedule 7	-	35.21	-
26	Amortization of Investment Tax Credit	Schedule 9	(8,087)	0.00	-
Income Taxes:					
27	State Income Taxes	Schedule 8	4,503,463	45.00	202,655,848
28	Provision for Excess Deferred Income Tax (EDIT)	Schedule 8	961,280	0.00	-
29	Federal Income Taxes	Schedule 8	12,642,643	37.50	474,099,125
30	Interest on Customer Deposits	Schedule 9	236,286	0.00	-
Return:					
31	Interest on Long-Term Debt	Schedule 10	23,688,295	92.94	2,201,675,693
32	Interest on Short-Term Debt	Schedule 10	4,554,914	1.49	6,774,569
33	Income for Return ¹	Schedule 10	-	0.00	-
34	Total Expense Lag	L5:L33	\$ 204,985,459	46.79	\$ 9,591,906,453
35	Daily Cost of Service	L34 / 365	\$ 561,604		

Piedmont Natural Gas Company, Inc.
O&M Expense Summary Under Present Rates

Line No.	O&M Expense Category	Formula, Schedule or Workpaper Reference	[A] Per Books for the 12 ME 12/31/23	[B] Adjustments	[C] HBP Ending 12/31/23	[D] Adjustments	[E] Annual Base Rate Reset
1	Other Purchased Gas Expense (excluding payroll) ¹	Schedule 52K	\$ 227,223	\$ (766)	\$ 226,457	\$ -	\$ 226,457
2	Gas Storage Expense (excluding payroll) ¹	Schedule 52L	447,566	(1,659)	445,907	-	445,907
3	Transmission Expense (excluding payroll) ¹	Schedule 52M	1,495,811	(112,523)	1,383,288	-	1,383,288
4	Distribution Expense (excluding payroll) ¹	Schedule 52N	5,463,780	(51,404)	5,412,376	-	5,412,376
	Customer Accounts & Service Expense:						
5	Uncollectible & Bad Debt Expense (excluding payroll) ¹	Schedule 29	1,068,447	(575,465)	492,982	-	492,982
6	Other Customer Accounts & Service Expense(excluding payroll) ¹	Schedule 29	3,356,525	(37,546)	3,318,979	-	3,318,979
7	Total Customer Accounts & Service Expense	L5 + L6	4,424,972	(613,011)	3,811,962	-	3,811,962
8	Sales Expense (excluding payroll)¹	Schedule 52O	122,762	(25,420)	97,342	-	97,342
	Administrative & General Expense:						
	Payroll Expenses						
9	Employee Salaries and Wages Expense ²	Schedule 30	19,643,848		19,643,848	-	19,643,848
10	Employee STIP Compensation Expense ²	Schedule 31	1,036,952	(518,476)	518,476	-	518,476
11	Employee LTIP Compensation Expense ²	Schedule 32	779,846	(779,846)	-	-	-
12	Amortization Expense for Deferred Environmental Costs	Schedule 33	219,430	-	219,430	182,004	401,433
13	Amortization Expense for Deferred Pension Costs	Schedule 34	1,482,873	-	1,482,873	-	1,482,873
14	Expense for Allocated Return on DEBS Assets	Schedule 35	692,698	(194,648)	498,050	-	498,050
15	Other Pension Expense	Schedule 36	(3,173,527)	3,173,527	-	-	-
16	Lobbying Expense, Charitable Contribution, Social Club Membership Adjustment	Schedule 37			-	-	-
17	Advertising Expense	Schedule 38	106,612	(106,612)		-	
18	Other A&G Expense	Schedule 52P	80,236	(29,397)	50,839	-	50,839
			16,159,739	1,796,996	17,956,735	-	17,956,735
19	Total A&G Expense	L9:L18	37,028,705	3,341,544	40,370,249	182,004	40,552,253
20	Total O&M Expense	L1:4 + L7 + L8 + L19	\$ 49,210,819	\$ 2,536,762	\$ 51,747,581	\$ 182,004	\$ 51,929,584

Piedmont Natural Gas Company, Inc.
O&M Expense Summary Under Present Rates

- 1/ Excludes employee salaries, wages and incentive compensation (STIP & LTIP) expenses recorded to accounts in these functional groups. Excludes lobbying, charitable contribution, social club membership, as applicable
2/ Includes the employee salaries, wages and incentive compensation (STIP & LTIP) expenses recorded to accounts in the non-A&G functional groups listed in L1:L8.

Notes on Schedule 5

Adjustment in Col [B], Line 1:	Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 18). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 2:	Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 18). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 3:	Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 18). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 4:	Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 18). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 5:	Adjustment needed for compliance with the Company's approved ARM Tariff (Uncollectible and Bad Debt Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 7). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 6:	Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 18). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 8:	Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 18). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 10 and 11:	Adjustment needed for compliance with the Company's approved ARM Tariff (Incentive Compensation Expense Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 10). See referenced Schedule or Workpaper for further details.
Adjustment in Col [D], Line 12:	Adjustment needed for compliance with the Company's approved ARM Tariff (Amortization Expense for Deferred Environmental Expense Adjustments, as defined on ARM Tariff Original Page 12 of 18, Item 12). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 13:	Adjustment needed for compliance with the Company's approved ARM Tariff (Amortization Expense for Deferred Pension Expense Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 13). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 14:	Adjustment needed for compliance with the Company's approved ARM Tariff (Expense for Allocated Return on DEBS Assets Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 15). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 15:	Adjustment needed for compliance with the Company's approved ARM Tariff (Other Pension and OPEB Expense Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 14). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 16:	Adjustment needed for compliance with the Company's approved ARM Tariff (Lobbying, Charitable Contributions, Social Club Membership Expense Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 8). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 17:	Adjustment needed for compliance with the Company's approved ARM Tariff (Advertising Expense Adjustments, as defined on ARM Tariff Original Page 7 of 18, Item 17). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 18:	Adjustment needed for compliance with the Company's approved ARM Tariff (Rate Case Expense Adjustments, Other Expense Adjustments and Home Protection Plan Expense Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 11 and Page 7 of 18, Items 17 and 18). See referenced Schedule or Workpaper for further details.

Piedmont Natural Gas Company, Inc.
Summary of Revenue

Line No.	Formula, Schedule or Workpaper Reference	(A) Per Books for the 12 ME 12/31/23	(B) Adjustments	(C) HBP Ending 12/31/23	(D) Adjustments	(E) Annual Base Rate Reset	
Sales & Transportation Margin Revenue:							
1	Sales and Transportation Margin Revenue Excluding Special Contracts	Schedules 21 & 22B	\$ 188,769,767	\$ (10,996,205)	\$ 177,773,562	\$ 23,107,707	\$ 200,881,269
2	Special Contracts Margin Revenue	Schedules 21 & 22B	-	-	-	-	-
3	Total Margin Revenue	L1 + L2	188,769,767	(10,996,205)	177,773,562	23,107,707	200,881,269
4	Purchased Gas Revenue	Schedules 21 & 22B	79,914,931	7,184,627	87,099,558	6,364,593	93,464,151
5	Total Sales & Transportation Revenue	L3 +L4	268,684,698	(3,811,578)	264,873,120	29,472,300	294,345,420
Other Revenue:							
6	Home Protection Plan Operating Revenue	Schedule 23	-	2,287,315	2,287,315	-	2,287,315
7	EDIT Refund Elimination	Schedule 21	-	-	-	-	-
8	Other Revenue - Forfeited Discounts	Schedule 23	1,014,187	-	1,014,187	-	1,014,187
9	Other Revenue - Miscellaneous	Schedule 23	469,984	53,442	523,426	(259,741)	263,685
10	Other Revenue - Off-System Sales, Secondary Marketing, Cash-Outs	Schedule 23	510,098	(510,098)	-	-	-
11	Total Other Revenue	L6:L10	1,994,270	1,830,659	3,824,928	(259,741)	3,565,187
12	Total Revenue	L5 + L11	\$ 270,678,968	\$ (1,980,919)	\$ 268,698,048	\$ 29,212,559	\$ 297,910,607

Notes on Schedule 6A

Adjustment in Col [B], Line 4:

Adjustment needed for compliance with the Company's approved ARM Tariff (Margin Revenues, as defined on ARM Tariff Original Page 6 of 18, Item 4). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 6:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Revenues, as defined on ARM Tariff Original Page 5 of 18, Item 3). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 7:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Revenues, as defined on ARM Tariff Original Page 5 of 18, Item 3). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 9:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Revenues, as defined on ARM Tariff Original Page 5 of 18, Item 3). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 10:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Revenues, as defined on ARM Tariff Original Page 5 of 18, Item 3). See referenced Schedule or Workpaper for further details.

Piedmont Natural Gas Company, Inc.
Detail of Revenue for Annual Base Rate Reset

Line No.		Formula, Schedule or Workpaper Reference	[A] Annual Base Rate Reset
	Sales & Transportation Margin Revenue:		
1	RS 301: Residential Service ¹	Schedule 22B	\$ 120,080,606
2	RS 302: Small General Service ¹	Schedule 22B	50,753,087
3	RS 352: Medium General Service ¹	Schedule 22B	12,580,968
4	RS 303: Large General Sales Service - Firm ¹	Schedule 22B	3,597,786
5	RS 304: Large General Sales Service - Interruptible ¹	Schedule 22B	69,310
6	RS 313: Large General Transportation Service - Firm ¹	Schedule 22B	6,444,763
7	RS 314: Large General Transportation Service - Interruptible ¹	Schedule 22B	7,354,749
8	RS 310: Resale Service ¹	Schedule 22B	-
9	Total Margin Revenue	L1:L8	200,881,269
10	Special Contracts	Schedule 22B	-
11	Total Base Rate Margin Revenue	L9 + L10	200,881,269
12	Purchased Gas Revenue	Schedule 22B	93,464,151
13	Total Sales & Transportation Revenue	L11 + L12	294,345,420
	Other Revenue:		
14	Home Protection Plan Operating Revenue	Schedule 23	2,287,315
15	EDIT Refund Elimination	Schedule 21	-
16	Other Revenue - Forfeited Discounts	Schedule 23	1,014,187
17	Other Revenue - Miscellaneous	Schedule 23	263,685
18	Other Revenue - Off-System Sales, Secondary Marketing, Cash-Outs	Schedule 23	-
19	Total Other Revenue	L14:L18	3,565,187
20	Total Revenue	L13 + L19	\$ 297,910,607

1/ Includes revenue from RS 343 billed under this corresponding rate schedule.

Piedmont Natural Gas Company, Inc.
Summary of General Taxes

Line No.		Formula, Schedule or Workpaper Reference	[A] Per Books for the 12 ME 12/31/23	[B] Adjustments	[C] HBP Ending 12/31/23	[D] Adjustments	[E] Annual Base Rate Reset
1	Property Taxes	Schedule 52V	\$ 6,750,711	\$ -	\$ 6,750,711	\$ -	\$ 6,750,711
2	Franchise Tax	Schedule 52V	3,474,046	-	3,474,046	-	3,474,046
3	Gross Receipts Tax	Schedule 52V	1,430,390	-	1,430,390	-	1,430,390
4	Payroll Taxes	Schedule 52V	1,453,728	(95,946)	1,357,782	-	1,357,782
5	Allocated & Other Taxes	Schedule 52V	(33,514)	33,514	-	-	-
6	Total	L1:L5	\$ 13,075,361	\$ (62,432)	\$ 13,012,929	\$ -	\$ 13,012,929

Notes on Schedule 7

Adjustment in Col [B], Line 4:

Adjustment needed for compliance with the Company's approved ARM Tariff (Payroll Tax Expense, as defined in ARM Tariff Original Page 7 of 18, item 21). See referenced Schedule or Workpaper for further details.

Adjustment in Col [B], Line 5:

Adjustment needed for compliance with the Company's approved ARM Tariff (Other Expense Adjustments as defined in ARM Tariff Original Page 7 of 18, item 18). See referenced Schedule or Workpaper for further details.

Piedmont Natural Gas Company, Inc.
Excise and Income Taxes

Line No.		Formula, Schedule or Workpaper Reference	[A] HBP Ending 12/31/23	[B] Adjustments	[C] Annual Base Rate Reset
1	Operating Revenues, Excluding AFUDC	Schedule 9	\$ 268,698,048	\$ 29,212,559	\$ 297,910,607
	Operating Expenses:				
2	Purchased Gas Expense	Schedule 9	87,099,558	6,364,593	93,464,151
3	O&M Expense	Schedule 9	51,747,581	182,004	51,929,584
4	Depreciation Expense	Schedule 9	36,444,862	7,023,430	43,468,292
5	Interest on Customer Deposits	Schedule 9	236,286	-	236,286
6	Amortization Expense for ARM Regulatory Asset	Schedule 9	12,720	348,501	361,221
7	Amortization of Investment Tax Credit	Schedule 9	(8,087)	-	(8,087)
8	General Taxes	Schedule 9	13,012,929	-	13,012,929
9	Total Operating Expenses	L2:L7	188,545,850	13,918,528	202,464,378
10	NOI Before Excise and Income Taxes	L1 - L8	80,152,198	15,294,031	95,446,230
11	AFUDC debt	Schedule 9	1,825,210	102,740	1,927,951
12	Interest Expense	Schedule 10	(25,732,174)	(2,511,035)	(28,243,209)
13	Permanent Tax Differences	Schedule 52AA	153,080	-	153,080
14	Net Income Before Income Taxes	L9:L11	56,398,315	12,885,736	69,284,051
	Tennessee Excise Tax Calculation:				
15	Net Income Before Income Taxes	L12	56,398,315	12,885,736	69,284,051
16	Composite State Income Tax Rate / TN Statutory Income Tax Rate ¹	Schedule 11 & Settlement Agreement	3.52%		6.50%
17	Excise Tax Expense	L13 x L14	1,985,221	-	4,503,463
	Federal Income Tax Calculation:				
18	Net Income Before Income Taxes	L12	56,398,315	12,885,736	69,284,051
19	State Excise Tax Expense	L15	1,985,221	2,518,243	4,503,463
20	Net Income Before Federal Income Tax	L16 - L17	54,413,094	10,367,493	64,780,587
21	Federal Income Tax Rate	Schedule 11	21.00%	21.00%	21.00%
22	Federal Income Tax Expense, Pre-Adjusted	L18 x L19	11,426,750	2,177,174	13,603,923
23	Annual EDIT Amortization Expense for Protected PPE	Schedule 52X	961,280	-	961,280
24	Net Federal Income Tax Expense	L20 - L21	\$ 10,465,470	\$ 2,177,174	\$ 12,642,643

1/ The Composite State Income Tax Rate is utilized for the HBP and the Tennessee Statutory Income Tax Rate is utilized for the Annual Base Rate Reset in accordance with the 2024 Stipulation and Settlement Agreement (Paragraphs 16 and 17) filed in Docket No. 24-00036.

Piedmont Natural Gas Company, Inc.
Income Statement

Line No.	Formula, Schedule or Workpaper Reference	[A]		[B]		[C]		[D]		[E]		[F]		[G]	
		Per Books for the 12 ME 12/31/23		Adjustments		HBP Ending 12/31/23		At Present Rates		Annual Base Rate Reset		At Proposed Rates		At Proposed Rates	
	Operating Revenues:														
1	Gas Sales & Transportation Revenues	Schedule 6A, L11 - L8	\$ 268,684,698	\$ (3,811,578)	\$ 264,873,120	\$ 29,472,300	\$ 294,345,420	\$ 5,451,474	\$ 299,796,894						
2	Forfeited Discount Revenues	Schedule 6A, L8	1,014,187	-	1,014,187	-	1,014,187	20,874	1,035,061						
3	Other Operating Revenues	Schedule 6A, L11 - L8	960,083	1,830,659	2,810,741	(259,741)	2,551,000	-	2,551,000						
4	Total Operating Revenue	L1:L3	270,678,968	(1,980,919)	268,698,048	29,212,559	297,910,607	5,472,348	303,382,955						
5	Purchased Gas Expense	Schedules 21 & 22B	78,819,749	8,279,809	87,099,558	6,364,593	93,464,151	-	93,464,151						
6	Total Margin Operating Revenues	L4 - L5	191,859,219	(10,260,728)	181,598,490	22,847,966	204,446,456	5,472,348	209,918,804						
7	Operating & Maintenance Expenses	Schedule 5, L20	49,210,819	2,536,762	51,747,581	182,004	51,929,584	10,036	51,939,621						
	Other Operating Expenses:														
8	Depreciation Expense	Schedule 14 & Settlement Agreement	36,459,435	(14,573)	36,444,862	7,023,430	43,468,292	-	43,468,292						
9	Amortization Expense for ARM Regulatory Asset	Schedule 52Z	12,720	-	12,720	348,501	361,221	-	361,221						
10	Amortization Expense for Investment Tax Credit	Schedule 39	(8,087)	-	(8,087)	-	(8,087)	-	(8,087)						
11	General Tax Expense	Schedule 7	13,075,361	(62,432)	13,012,929	-	13,012,929	-	13,012,929						
12	State Excise Tax Expense	Schedule 8	(449,130)	2,434,351	1,985,221	2,518,243	4,503,463	355,050	4,858,514						
13	Federal Income Tax Expense	Schedule 8	13,017,462	(2,551,992)	10,465,470	2,177,174	12,642,643	1,072,525	13,715,168						
14	Total Other Operating Expenses	L8:L13	62,107,762	(194,647)	61,913,115	12,067,347	73,980,463	1,427,575	75,408,038						
15	Total Operating Expenses	L7+L14	111,318,581	2,342,115	113,660,696	12,249,351	125,910,047	1,437,611	127,347,658						
16	Net Operating Income	L6 - L15	80,540,638	(12,602,844)	67,937,794	10,598,615	78,536,409	4,034,736	82,571,146						
	Adjustments to Net Operating Income:														
17	AFUDC - Debt	Schedules 38 & 15.2	1,300,826	524,384	1,825,210	102,740	1,927,951	-	1,927,951						
18	AFUDC - Equity	Schedules 39 & 15.2	3,352,517	788,007	4,140,523	(37,230)	4,103,293	-	4,103,293						
19	Interest on Customer Deposits	Schedule 39	(236,286)	-	(236,286)	-	(236,286)	-	(236,286)						
20	Total Adjustments to Net Operating Income	L17:L19	4,417,057	1,312,391	5,729,447	65,510	5,794,957	-	5,794,957						
21	Net Operating Income For Return	L16 + L20	\$ 84,957,695	\$ (11,290,453)	\$ 73,667,242	\$ 10,664,125	\$ 84,331,367	\$ 4,034,736	\$ 88,366,103						

Notes on Schedule 9 - for all adjustments not explained on other schedules

Adjustment in Col [B], Line 5:	Adjustment needed for compliance with the Company's approved ARM Tariff (Purchased Gas Expense Adjustments, as defined on ARM Tariff Original Page 6 of 18, Item 5). See referenced Schedule or Workpaper for further details.
Adjustment in Col [B], Line 8:	Adjustment incorporates the approved provisions pertaining to depreciation expense for the cumulative impact of Incentive Compensation capitalized during 2023 from the 2024 Stipulation and Settlement Agreement (Paragraph 14) filed in Docket No. 24-00036.
Adjustment in Col [B], Line 17 and 18:	Adjustment needed for compliance with the Company's approved ARM Tariff (AFUDC Adjustments, as defined on ARM Tariff Original Page 8 of 18, Item 27). See referenced Schedule or Workpaper for further details.
Adjustment in Col [D], Line 5:	Adjustment needed for compliance with the Company's approved ARM Tariff (Purchased Gas Expense Adjustments, as defined on ARM Tariff Original Page 11 of 18, Item 5). See referenced Schedule or Workpaper for further details.
Adjustment in Col [D], Line 8:	Adjustment needed for compliance with the Company's approved ARM Tariff (Depreciation Expense Adjustments, as defined on ARM Tariff Original Page 12 of 18, Item 19). See referenced Schedule or Workpaper for further details.
Adjustment in Col [D], Line 9:	Adjustment needed for compliance with the Company's approved ARM Tariff (Amortization Expense for ARM Regulatory Asset Adjustments, as defined on ARM Tariff Original Page 12 of 18, Item 20). See referenced Schedule or Workpaper for further details.
Adjustment in Col [D], Line 17 and 18:	Adjustment needed for compliance with the Company's approved ARM Tariff (AFUDC Adjustments, as defined on ARM Tariff Original Page 13 of 18, Item 27). See referenced Schedule or Workpaper for further details.

Piedmont Natural Gas Company, Inc.
Cost of Capital Summary - HBP

Line No.	Formula, Schedule or Workpaper 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
Class Cost of Capital:						
1	Short-Term Debt	Schedule 52Y	4.59%	5.20%	0.24%	0.18%
2	Long-Term Debt	Schedule 52Y	45.44%	4.22%	1.92%	1.45%
3	Common Equity	Schedule 52Y	49.97%	9.80%	4.90%	4.90%
4	Total	L1 + L2 + L3	100.00%	7.05%	1.000000	6.52%
Interest Expense of Debt for HBP Reconciliation:						
5	Rate Base	Schedule 2	\$ 1,193,377,304			
6	Short-Term Debt Interest Expense	L1, Col C x L5	2,848,353			
7	Long-Term Debt Interest Expense	L2, Col C x L5	22,883,821			
8	Total Interest Expense	L6 + L7	\$ 25,732,174			
Return on Equity Calculation for HBP Reconciliation:						
9	Total Rate Base	Schedule 2 L22 Col C	\$ 1,193,377,304			
10	Equity Portion of Rate Base	Line 3	49.97%			
11	Equity Rate Base	L9 * L10	\$ 596,330,639			
12	Net Operating Income for Return	Schedule 9 L21 Col C	\$ 73,667,242			
13	Interest Expense	L6 + L7	25,732,174			
14	Net Equity Income for Return	L12 - L13	\$ 47,935,068			
15	Earned Return on Equity	L14 / L11	8.04%			
16	Earned Rate of Return	L12 / L9	6.17%			

Piedmont Natural Gas Company, Inc.
Cost of Capital Summary - Annual Base Rate Reset

Line No.	Formula, Schedule or Workpaper Reference	[A] End of HBP Percent of Total	[B] 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
Class Cost of Capital:						
1	Short-Term Debt	Schedule 52Y	6.52%	5.59%	0.36%	0.28%
2	Long-Term Debt	Schedule 52Y	44.39%	4.27%	1.90%	1.43%
3	Common Equity	Schedule 52Y	49.09%	9.80%	4.81%	4.81%
4	Total	L1 + L2 + L3	100.00%	7.07%	1.000000	6.52%
Interest Expense of Debt for Annual Base Rate Reset:						
5	Rate Base	Schedule 2	\$ 1,249,743,221			
6	Short-Term Debt Interest Expense	L1, Col [C] x L9	4,554,914			
7	Long-Term Debt Interest Expense	L2, Col [C] x L9	23,688,295			
8	Total Interest Expense	L10 + L11	\$ 28,243,209			
Return on Equity Calculation for Annual Base Rate Reset:						
9	Total Rate Base	Schedule 2 L22 Col [E]	\$ 1,249,743,221			
10	Equity Portion of Rate Base	Line 3	49.09%			
11	Equity Rate Base	L9 * L10	\$ 613,498,947			
12	Net Operating Income for Return	Schedule 9 L21 Col [E]	\$ 84,331,367			
13	Interest Expense	L6 + L7	28,243,209			
14	Net Equity Income for Return	L12 - L13	\$ 56,088,157			
15	Earned Return on Equity	L14 / L11	9.14%			
16	Earned Rate of Return	L12/L9	6.75%			

Piedmont Natural Gas Company, Inc.
Revenue Conversion Factor & Tax Gross Up Factor

Line No.	Formula, Schedule or Workpaper Reference	HBP Ending 12/31/2023		Annual Base Rate Reset	
		[A]	[B]	[A]	[B]
		Rate	Balance	Rate	Balance
1	Revenue Conversion Factor: \$1.00 of Operating Revenues		1.000000		1.000000
2	Forfeited Discounts Factor	Schedule 9 Line 2 / Schedule 9 Line 1 [1]	0.003829	0.003829	0.003829
3	Balance	L1 + L2	1.003829		1.003829
4	Uncollectible Ratio	Schedule 29.3 [2]	0.001834	0.001834	0.001841022
5	Balance	L3 - L4	1.001988		1.001988
6	Composite State Income Tax Rate / TN Statutory Income Tax Rate	[3]	0.035200	0.065000	0.065129000
7	Balance	L5 - L6	0.966718		0.936859
8	Federal Income Tax Rate	0.210000	0.203011	0.210000	0.196740
9	Balance	L7 - L8	0.76370698		0.74011898
10	Revenue Conversion Factor	L1 / L9	1.309403		1.351134
11	Tax Factor: \$1.00 of Operating Revenues		1.000000		1.000000
12	Composite State Income Tax Rate / TN Statutory Income Tax Rate	Line 6 [3]	0.035200		0.065000
13	Balance	Line 11 - Line 12	0.964800		0.935000
14	Statutory Federal Income Tax Rate	Line 8	0.210000		0.210000
15	Tax Factor	Line 13 - Line 14	0.754800		0.725000

[1] Factor to reflect Forfeited Discount Revenues for the HBP divided by the amount of Gas Sales and Transportation Revenues for the HBP

[2] Factor to Reflect Margin Revenue Portion of Uncollectible Write-Offs for the HBP divided by the amount of Gas Sales and Transportation Revenues + Forfeited Discount Revenues + Other Revenues for the HBP

[3] The Composite State Income Tax Rate is utilized for the HBP and the Tennessee Statutory Income Tax Rate is utilized for the Annual Base Rate Reset in accordance with the 2024 Stipulation and Settlement Agreement (Paragraphs 16 and 17) filed in Docket No. 24-00036.

Piedmont Natural Gas Company, Inc.
Carrying Cost and ARM Reconciliation Deferred Account

Line No.		Formula, Schedule or Workpaper Reference	[A]	Amount
	Carrying Cost:			
1	Total HBP Revenue Requirement Deficiency (Sufficiency)	Schedule 1, L8 Column [A]	\$	13,755,717
2	Net of Tax Overall Cost of Capital	Schedule 10A, L4 Column [E]		6.52%
3	Annual Carrying Cost	L1 * L2		897,505
4	Monthly Carrying Cost	L 3 / 12		74,792
5	Carrying Cost from July 1 of the HBP through September 30 of year after HBP (15 months)	L4 * 15		1,121,881
6	HBP Revenue Requirement Deficiency (Sufficiency) plus Carrying Costs	L1 + L5		14,877,598
7	ARM Reconciliation Deferred Account Balance			-
8	Amount to be Collected from (or Refunded to) Customers through new ARM Rider Rates	L6 + L7	\$	<u><u>14,877,598</u></u>

EXHIBIT C

PIEDMONT NATURAL GAS COMPANY, INC.
Tennessee Service Territory
Billing Rates Effective¹: October 1, 2024

Rate Schedule	Description	Settlement	Cumulative PGA		Current ACA		Current IPA	ARM Rider Rates	Rate Case Rider ²	Total Adj. Factor (Sum Col.2 thru Col.7)	Billing Rate ³ (Col.1 + Col.8)
		Tariff	Demand	Commodity	Demand	Commodity					
		Base Rate									
		Per 2024 Annual ARM Filing <1>									
		<2>	<3>	<4a>	<4b>	<5>	<6>	<7>	<8>	<9>	
Residential 301 301	Monthly Charge-Nov.-Mar.	\$17.45									\$17.45
	Monthly Charge-Apr.-Oct.	\$13.45									\$13.45
	Nov.- Mar. per TH	0.70783	0.07577	0.33101	(0.01933)	(0.07851)	0.00898	0.06703	0.00101	0.38596	1.09379
	Apr.- Oct. per TH	0.58582	0.07577	0.33101	(0.01933)	(0.07851)	0.00898	0.06703	0.00101	0.38596	0.97178
Small General 302 302	Monthly Charge	\$44.00									\$44.00
	Nov.- Mar. per TH	0.70634	0.07577	0.33101	(0.01933)	(0.07851)	0.00898	0.05578	0.00085	0.37455	1.08089
	Apr.- Oct. per TH	0.59001	0.07577	0.33101	(0.01933)	(0.07851)	0.00898	0.05578	0.00085	0.37455	0.96456
Medium General 352 352	Monthly Charge	\$225.00									\$225.00
	Nov.- Mar. per TH	0.60152	0.07577	0.33101	(0.01933)	(0.07851)	0.00898	0.05578	0.00085	0.37455	0.97607
	Apr.- Oct. per TH	0.50246	0.07577	0.33101	(0.01933)	(0.07851)	0.00898	0.05578	0.00085	0.37455	0.87701
Motor Vehicle Fuel 343 343	Monthly Charge	varies by customer per their corresponding rate schedule									
	Nov.- Mar. per TH	varies by customer per their corresponding rate schedule									
	Apr.- Oct. per TH	varies by customer per their corresponding rate schedule									
303 Firm General Sales	Monthly Charge	\$800.00									\$800.00
	Demand Charge per TH	0.80000	0.82829		(0.18590)					0.64239	1.44239
	First 15,000 TH/TH	0.25652		0.33101		(0.07851)	0.00898	0.02574	0.00039	0.28761	0.54413
	Next 25,000 TH/TH	0.22832		0.33101		(0.07851)	0.00898	0.02574	0.00039	0.28761	0.51593
	Next 50,000 TH/TH	0.15391		0.33101		(0.07851)	0.00898	0.02574	0.00039	0.28761	0.44152
	Over 90,000 TH/TH	0.11800		0.33101		(0.07851)	0.00898	0.02574	0.00039	0.28761	0.40561
304 Interruptible General Sales	Monthly Charge	\$800.00									\$800.00
	First 15,000 TH/TH	0.17493		0.33101		(0.07851)	0.00898	0.00605	0.00009	0.26762	0.44255
	Next 25,000 TH/TH	0.14694		0.33101		(0.07851)	0.00898	0.00605	0.00009	0.26762	0.41456
	Next 50,000 TH/TH	0.11196		0.33101		(0.07851)	0.00898	0.00605	0.00009	0.26762	0.37958
	Over 90,000 TH/TH	0.04626		0.33101		(0.07851)	0.00898	0.00605	0.00009	0.26762	0.31388
313 Firm Transportation	Monthly Charge	\$800.00									\$800.00
	Demand Charge per TH	0.80000	0.82829		(0.18590)					0.64239	1.44239
	First 15,000 TH/TH	0.25652						0.02574	0.00039	0.02613	0.28265
	Next 25,000 TH/TH	0.22832						0.02574	0.00039	0.02613	0.25445
	Next 50,000 TH/TH	0.15391						0.02574	0.00039	0.02613	0.18004
	Over 90,000 TH/TH	0.11800						0.02574	0.00039	0.02613	0.14413
314 Interruptible Transportation	Monthly Charge	\$800.00									\$800.00
	First 15,000 TH/TH	0.17493						0.00605	0.00009	0.00614	0.18107
	Next 25,000 TH/TH	0.14694						0.00605	0.00009	0.00614	0.15308
	Next 50,000 TH/TH	0.11196						0.00605	0.00009	0.00614	0.11810
	Over 90,000 TH/TH	0.04626						0.00605	0.00009	0.00614	0.05240
310 Resale Service	Demand Charge per TH	0.80000	0.82829		(0.18590)					0.64239	1.44239
	Commodity Charge	0.49063		0.33101		(0.07851)	0.00898	0.02574	0.00039	0.28761	0.77824

NOTES:

1/ Rates effective for bills rendered on and after the first billing cycle of October 2024

2/ Rate Case Rider rates as approved by the Tennessee Public Utility Commission in the March 21, 2022 Hearing in Docket No. 20-00086. These Rider rates are effective beginning April 1, 2022, and terminate at the earlier of April 1, 2025 or when the approved rider amount has been fully recovered.

3/ In accordance with the Tennessee Public Service Commission order in Docket U-7074 customers metered inside Davidson County are required to pay an additional 6.59% for collection of the Metro Franchise Fee. Customers served by the Ashland City, Fairview, Franklin, Greenbrier, Hartsville, Mt. Juliet and White House systems are required to pay 5.0%. Customers served by the Nolensville system are required to pay 3%.