

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

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

DIRECT TESTIMONY
of
WILLIAM H. NOVAK

ON BEHALF OF

**THE CONSUMER ADVOCATE DIVISION
OF THE
OFFICE OF THE TENNESSEE ATTORNEY GENERAL**

August 9, 2024

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1 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND***
2 ***OCCUPATION FOR THE RECORD.***

3 ***A1.*** My name is William H. Novak. My business address is 19 Morning Arbor Place,
4 The Woodlands, TX, 77381. I am the President of WHN Consulting, a utility
5 consulting and expert witness services company.¹
6

7 ***Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND***
8 ***PROFESSIONAL EXPERIENCE.***

9 ***A2.*** I have both a Bachelor's degree in Business Administration with a major in
10 Accounting, and a Master's degree in Business Administration from Middle
11 Tennessee State University. I am a Certified Management Accountant and am
12 also licensed to practice as a Certified Public Accountant.
13

14 My work experience has centered on regulated utilities for over 40 years. Before
15 establishing WHN Consulting, I was Chief of the Energy & Water Division of the
16 Tennessee Public Utility Commission ("the Commission") where I had either
17 presented testimony or advised the Commission on a host of regulatory issues for
18 over 19 years. In addition, I was previously the Director of Rates & Regulatory
19 Analysis for two years with Atlanta Gas Light Company, a natural gas
20 distribution utility with operations in Georgia and Tennessee. I also served for
21 two years as the Vice President of Regulatory Compliance for Sequent Energy
22 Management, a natural gas trading and optimization entity in Texas, where I was

¹ State of Tennessee, Registered Accounting Firm ID 3682.

1 responsible for ensuring the firm's compliance with state and federal regulatory
2 requirements.

3

4 In 2004, I established WHN Consulting as a utility consulting and expert witness
5 services company. Since 2004 WHN Consulting has provided testimony or
6 consulting services to state public utility commissions and state consumer
7 advocates in at least ten state jurisdictions.

8

9 ***Q3. ON WHOSE BEHALF ARE YOU TESTIFYING?***

10 ***A3.*** I am testifying on behalf of the Consumer Advocate Division ("Consumer
11 Advocate" or the "CAD") of the Office of the Tennessee Attorney General.

12

13 ***Q4. HAVE YOU PRESENTED TESTIMONY IN ANY PREVIOUS DOCKETS***
14 ***REGARDING PIEDMONT NATURAL GAS COMPANY?***

15 ***A4.*** Yes. I presented testimony in Dockets U-85-7355, U-87-7499, 89-10491, 91-
16 02636, 11-00144, and 20-00086 concerning either Nashville Gas Company or
17 Piedmont Natural Gas Company (Piedmont or the Company) rate cases. In
18 addition, I advised the TPUC Commissioners on various issues in the rate case for
19 Docket No. 03-00313 where I did not present testimony. I also presented
20 testimony in Docket No. 14-00086 related to Piedmont's CNG Infrastructure
21 Rider and in Docket No. 14-00017 related to Piedmont's Deferred Income Tax
22 Reconciliation. In addition, I previously presented testimony concerning

1 Piedmont’s Integrity Management Rider (IMR) in TPUC Docket Nos. 16-00140
2 and 19-00107.

3

4 ***Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
5 ***PROCEEDING?***

6 ***A5.*** My testimony will address the Consumer Advocate’s analysis and review with
7 respect to Piedmont’s proposed Annual Review of Rates Mechanism (“ARRM”)
8 reconciliation in this docket with its books and records, including the calculations
9 supporting that reconciliation and the resulting revenue deficiency. I will also
10 address the implementation of new rates resulting from the ARRM reconciliation.

11

12 ***Q6. WHAT DOCUMENTS HAVE YOU REVIEWED IN PREPARATION OF***
13 ***YOUR TESTIMONY?***

14 ***A6.*** I have reviewed the Company’s Petition filed on May 20, 2024, along with the
15 accompanying testimony and exhibits. I have also reviewed Piedmont’s
16 responses to the data requests submitted by the Consumer Advocate in this
17 docket. Finally, I reviewed previous Commission’s Orders associated with the
18 Company’s ARRM mechanism in TPUC Docket Nos. 21-00135 and 23-00035.

19

20 ***Q7. PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCERNS***
21 ***IN THIS DOCKET.***

22 ***A7.*** My recommendations and concerns are summarized as follows:

- I recommend that the Commission reduce CWIP by \$722,315 and Depreciation Expense by \$14,573 to reflect the cumulative impact of Incentive Compensation as shown in Attachment WHN-1.
- I recommend that the Commission adjust Accumulated Deferred Income Taxes to reflect the correct allocations to Tennessee as shown in Attachment WHN-3.
- I recommend that the Commission accept the Company's recognition of approximately \$1.2 million in Rate Base for Deferred Environmental Costs as well as the annual amortization of \$401,000 as proposed by the Company.
- I recommend that the Commission accept the Consumer Advocates' Total Amount to be Collected of \$24,028,455 as the appropriate recovery for this ARRM filing as shown in Attachment WHN-4.
- I recommend that the Commission accept the rates shown in Attachment WHN-5 as appropriate for the Historic Base Period Surcharge.
- I recommend that the Commission reject the Company's Base Rate Reset rate design proposal for Industrial customers.
- I recommend that the Commission accept the rates shown on Attachment WHN-6 as appropriate for the Base Rate Reset.
- I recommend that the Commission accept the WNA Factors shown on Attachment WHN-8 as appropriate in this ARRM filing.

I. BACKGROUND

Q8. WHAT IS THE PURPOSE OF THE ARRM FILING?

A8. The ARRM allows the Company to annually reconcile or “true-up” their actual earnings with the Commission approved rate of return. The initial overall structure for the ARRM was approved by the Commission in Docket No. 21-00135.

Q9. WHAT IS PIEDMONT’S PROPOSED REVENUE DEFICIENCY IN THIS ARRM FILING?

A9. As shown on Table 1 below, Piedmont has revised the Revenue Deficiency in this Docket since the initial filing for both the Prescribed Methodology for the ARRM calculation as well as the Company’s new Proposed Methodology.

Table 1 – Piedmont Revenue Deficiency Calculations				
	Prescribed Methodology		Proposed Methodology	
Version	HBP	Rate Reset	HBP	Rate Reset
Initial Filing ²	\$14,086,393	\$11,363,870	\$13,492,350	\$10,794,329
1 st Revision ³	13,588,147	5,520,085	13,492,350	5,449,496
2 nd Revision ⁴	13,787,226	5,521,351	13,686,885	5,451,011

² Company filing, File <Schedule 1-12 Lead Schedules>, Tab “1-OpsResults”, and File <Proposed Modified ARRM - Schedule 1-12 Lead Schedules>, Tab “1-OpsResults”, (May 20, 2024).

³ Company revised filing, File <Schedule 1-12 Lead Schedules Exist Depr>, Tab “1-OpsResults”, and File <Proposed Modified ARRM - Schedule 1-12 Lead Schedules Exist Depr>, Tab “1-OpsResults” (June 25, 2024).

⁴ Company Response to Consumer Advocate Discovery Request 2-14, File <CA DR 2-14 Attachment 2 of 2 Proposed Modified ARRM - Schedule 1-12 Lead Schedules Updated > Tab “1-OpsResults” and Company Response to Consumer Advocate Discovery Request 2-16, File <CA DR 2-16 Attachment Schedules 1-12 Lead Schedules Exist Depr Corrections, Tab “1-OpsResults”, (July 19, 2024).

***Q10. PLEASE DESCRIBE THE CHANGES IN REVENUE DEFICIENCY
CALCULATION BETWEEN THE DIFFERENT VERSIONS SHOWN ON
TABLE 1.***

A10. In Piedmont's Initial Filing, the Company had included a proposed depreciation study in the revenue deficiency calculation. After discussions with the Consumer Advocate, Piedmont agreed to remove the depreciation study from the ARRM filing and to correct certain errors that were discovered after the filing was made. Piedmont's 1st Revision to the ARRM filing reflects the Company's removal of the proposed depreciation rates and error corrections through June 25, 2024. The 2nd Revision to the ARRM filing reflects further error corrections by Piedmont through July 19, 2024.

***Q11. PLEASE DESCRIBE THE CHANGES IN REVENUE DEFICIENCY
CALCULATION BETWEEN THE PRESCRIBED AND PROPOSED
METHODOLOGIES SHOWN ON TABLE 1.***

A11. The Prescribed Methodology contains the ARRM calculations as adopted by the Commission in Docket No. 21-00135. The Company's Proposed Methodology primarily pertains to the use of Tennessee's statutory state income tax rate in lieu of the Company's composite state income tax rate for the calculation of state excise tax expense and ADIT. The Proposed Methodology is discussed in more detail in the testimony of Consumer Advocate witness David Dittmore. Because Mr. Dittmore recommends that the Commission reject the Company's proposed

1 modifications to the ARRM calculation, my testimony will only discuss the
2 ARRM calculation under the Prescribed Methodology from this point forward.

3

4 ***Q12. PLEASE SUMMARIZE THE ACTIONS THAT PIEDMONT IS SEEKING***
5 ***FROM THE COMMISSION IN THIS PROCEEDING.***

6 A12. Piedmont is requesting the following actions from the Commission in this
7 Docket.⁵

- 8 1. To recover the appropriate Historical Base Period (“HBP”) Revenue
9 Deficiency along with the related carrying cost as well as the remaining
10 balance in the Deferred Account.
- 11 2. To recover the appropriate Base Rate Reset Revenue Deficiency.
- 12 3. To implement new recovery rates to be effective on October 1, 2024.
- 13 4. To implement new Weather Normalization Adjustment (“WNA”) factors to
14 be effective on October 1, 2024.
- 15 5. To amortize and recover certain deferred environmental expenses that have
16 been incurred since Piedmont’s last rate case.

17 ***Q13. HAVE YOU REVIEWED THE CALCULATIONS SUPPORTING THE***
18 ***ARRM FILING?***

19 A13. Yes. I reviewed the Company’s ARRM reconciliation filing. I also prepared
20 discovery requests for supplemental supporting information that was not
21 contained in the filing. In addition, I had continuing discussions with Piedmont
22 regarding the filing. The purpose of my review was to determine whether
23 Piedmont’s ARRM reconciliation was based on the actual amounts recorded in its
24 books.

⁵ *Direct Testimony of Pia Powers*, pp. 7:1 to 8:15. In addition to the items requested here, the Company initially requested to implement new depreciation rates that has now been withdrawn. In addition, the Company requested to operate pursuant to a new Proposed Methodology for calculating the ARRM Revenue Deficiency which is rejected by Consumer Advocate witness David Dittmore and is not discussed here.

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Q14. WHAT WERE THE RESULTS OF YOUR REVIEW?

A14. Overall, I found that Piedmont’s 2nd Revised Filing appropriately reconciled the actual revenues, expenses and net investment to the amounts recorded on the Company’s ledger. Likewise, I also found that the reconciliation generally reflected the methodologies established in TPUC Docket No. 21-00135. However, I did discover certain issues and errors in the Company’s filing related to the appropriate calculation for the cumulative impact of Incentive Compensation and the correct 2023 amounts for Accumulated Deferred Income Taxes. In addition, I reviewed Piedmont’s proposed changes to the deferral of environmental costs from what the Commission had previously approved. In my opinion, adjustments for these items need to be considered by the Commission to determine the proper ARRM reconciliation revenue deficiency.

1 **II. CUMULATIVE IMPACT OF INCENTIVE COMPENSATION**

2

3 ***Q15. PLEASE EXPLAIN YOUR PRO FORMA ADJUSTMENT TO THE***

4 ***CUMULATIVE IMPACT OF INCENTIVE COMPENSATION.***

5 A15. The ARRM requires Piedmont to reduce Rate Base by a portion of the amount of

6 Incentive Compensation that has been capitalized. For the current ARRM, the

7 Company appropriately reduced Construction Work in Progress (“CWIP”) by

8 approximately \$1 million to reflect a portion of Incentive Compensation that had

9 been capitalized during 2023. However, the Company has not reduced CWIP

10 from the previous ARRM filing to appropriately reflect the cumulative impact of

11 an additional \$722 thousand in Incentive Compensation in the ARRM as shown

12 below on Table 2. This omission is a threshold issue for the Commission’s

13 consideration since this is only the Company’s second ARRM filing, and

14 therefore the first one with a cumulative impact on Incentive Compensation.

Table 2 – Cumulative Impact from Incentive Compensation⁶			
Month	CWIP	Incentive Compensation	Adjusted CWIP
Beginning Balance		\$-722,315	
December 2022	\$57,722,191	-874,364	\$56,847,827
January 2023	62,060,323	-947,000	61,113,323
February	68,160,556	-1,058,983	67,101,574
March	69,628,924	-1,107,790	68,521,134
April	83,502,330	-1,196,044	82,306,286
May	84,916,821	-1,277,749	83,639,072
June	91,297,538	-1,286,582	90,010,955
July	101,466,852	-1,316,297	100,150,555
August	111,113,469	-1,401,007	109,712,462
September	118,785,244	-1,366,763	117,418,481
October	86,995,033	-1,473,773	85,521,260
November	92,444,083	-1,588,350	90,855,734
December	87,059,857	-1,752,309	85,307,547
13-Month Avg	\$85,781,017		\$84,500,478

Q16. WHY IS IT APPROPRIATE TO RECOGNIZE THE CUMULATIVE IMPACT OF INCENTIVE COMPENSATION IN THE ARRM FILING?

A16. The purpose for removing Incentive Compensation from Rate Base is that it reflects an amount that is above and beyond what the Commission has determined to be appropriate compensation. When a portion of Incentive Compensation is capitalized, it then becomes embedded in the plant costs that exceed the appropriate return that the Company should receive. To remedy this, an adjustment needs to be made to remove incentive compensation from Rate Base. Because the capitalized Incentive Compensation becomes a part of Plant in Service, it becomes necessary to reflect the cumulative impact in the ARRM filings.

⁶ Attachment WHN-1.

1 ***Q17. WHY DIDN'T THE COMPANY INCLUDE THE CUMULATIVE IMPACT***
2 ***OF INCENTIVE COMPENSATION IN THE ARRM FILING?***

3 A17. According to the Company, the “cumulative impact of previous [ARRM]
4 adjustments to CWIP that were recognized in TPUC Docket No. 23-00035
5 because the prior year adjustments in the CWIP totals were accruals.”⁷ However,
6 this reasoning misses the Commission’s point for making Incentive Compensation
7 adjustments. While Piedmont includes the current year adjustments for Incentive
8 Compensation within CWIP, these adjustments could just as easily be made to
9 plant or even as a separate adjustment to Rate Base – they are not specifically tied
10 to CWIP. As a result, the Company’s rationale for not including the cumulative
11 impact of Incentive Compensation is not appropriate.

12
13 ***Q18. DO ANY OTHER UTILITIES UNDER THE COMMISSION’S***
14 ***JURISDICTION MAKE CUMULATIVE ADJUSTMENTS FOR THE***
15 ***IMPACT FROM INCENTIVE COMPENSATION?***

16 A18. Yes. I have included Attachment WHN-2 that shows relevant pages from the
17 Atmos ARM filing in Docket No. 24-00006. Attachment WHN-2 shows that
18 Atmos has appropriately reflected Incentive Compensation adjustments of
19 approximately \$9.8 million as a cumulative adjustment to Rate Base along with
20 approximately \$249 thousand as a cumulative adjustment to depreciation expense
21 since their ARM first began in 2016. These type of adjustments to the Atmos

⁷ Company Response to Consumer Advocate Discovery Request 1-9, TPUC Docket No. 24-00036 (June 25, 2024).

1 ARM for the cumulative impact of Incentive Compensation are the same ones that
2 I am now recommending here for Piedmont's ARRM.

3

4 ***Q19. WHAT ADJUSTMENTS HAVE YOU MADE TO THE ARRM TO***
5 ***REFLECT THE CUMULATIVE IMPACT OF INCENTIVE***
6 ***COMPENSATION?***

7 A19. I've reduced CWIP by \$722,315 to reflect the prior unamortized amount of
8 Incentive Compensation from 2023 and reduced Depreciation Expense by
9 \$14,573 to reflect the annual amortization of the capitalized Incentive
10 Compensation.⁸ I would therefore recommend that the Commission adopt these
11 adjustments as the appropriate level to include in the ARRM reconciliation filing.

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⁸ Attachment WHN-1.

1 **III. TEST PERIOD ACCUMULATED DEFERRED INCOME TAXES**

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3 ***Q20. PLEASE EXPLAIN YOUR PRO FORMA ADJUSTMENT TO TEST***

4 ***PERIOD ACCUMULATED DEFERRED INCOME TAXES.***

5 A20. Accumulated Deferred Income Taxes (“ADIT”) represents the net amount of

6 income tax (federal and state) that the Company has deferred payment on

7 primarily due to the use of accelerated depreciation methods to compute tax

8 depreciation expense as well as regulatory liabilities associated with tax rate

9 changes. However, Piedmont does not directly record ADIT for its Tennessee

10 operations. Instead, all ADIT is first recorded on the Piedmont consolidated

11 books and then allocated to Tennessee. This allocation process to Tennessee (and

12 other states) involves many components and it appears that Piedmont has not

13 properly carried out all the calculations. I’ve therefore adjusted Piedmont’s ADIT

14 calculation as shown on Attachment WHN-3 and summarized the results below

15 on Table 3.

Table 3 – Accumulated Deferred Income Tax Adjustments⁹			
Item	September 2023	November 2023	December 2023
Piedmont Calculations	\$-156,631,473	\$-157,137,953	\$-155,523,355
WHN Calculations	-156,600,272	-157,260,003	-155,665,230
ADIT Adjustment	\$31,201	\$-122,050	\$-141,875

16

17 In my opinion, these adjustments need to be made to properly consider the impact

18 of ADIT on the Company’s Rate Base. I would therefore recommend that the

9 Attachment WHN-3.

1 Commission adopt these adjustments as the appropriate level to include in the
2 ARRM reconciliation filing.

3

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1 **IV. DEFERRED ENVIRONMENTAL COSTS**

2

3 ***Q21. PLEASE EXPLAIN THE COMPANY’S PRO FORMA ADJUSTMENT TO***
4 ***THE DEFERRED BALANCE OF ENVIRONMENTAL COSTS.***

5 A21. Deferred Environmental Costs relate to remediation expenses that the Company
6 has incurred for a former manufactured gas site. In the Company’s last rate case,
7 it was allowed to annually amortize approximately \$136,000 in deferred
8 environmental cleanup costs that were first recognized by the Commission in
9 TPUC Docket No. 20-00086. Since that time, the Commission allowed the
10 Company to annually amortize an additional \$335,000 in deferred environmental
11 cleanup costs. In this Docket, the Company has asked the Commission to
12 recognize that some of these prior costs have now been fully amortized while
13 other new costs have been deferred. As a result, the Company is asking the
14 Commission to now recognize approximately \$401,000 in amortization costs
15 along with an average unamortized balance of approximately \$1.2 million in Rate
16 Base.¹⁰

17

18 ***Q22. HAVE YOU REVIEWED THE DEFERRED COSTS AND***
19 ***AMORTIZATION EXPENSE OF ENVIRONMENTAL COSTS.***

20 A22. Yes. I reviewed the support for the Company’s incremental cleanup costs as well
21 as the proposed amortization of these costs. The Company’s recognition of the
22 unamortized balance of approximately \$1.2 million in Rate Base as well as the

¹⁰ WHN Workpapers 52D.3 and 33.0.

1 annual amortization of approximately \$401,000 appears appropriate and is
2 consistent with past Commission decisions on these costs. I would therefore
3 recommend that the Commission adopt these amounts as the appropriate level to
4 include in the ARRM reconciliation filing.

5

6

V. ARRM REVENUE DEFICIENCY CALCULATION

Q23. MR. NOVAK, HAVE YOU CALCULATED THE IMPACT OF YOUR PROPOSED ADJUSTMENTS TO THE COMPANY'S ARRM FILING?

A23. Yes. The impact of my adjustments on the Revenue Deficiency calculation are presented on Attachment WHN-4 and summarized below on Table 4.

Table 4 – ARRM Revenue Deficiency Calculation ¹¹		
Item	Piedmont Revised Filing	Consumer Advocate Filing
Rate Base	\$1,278,216,124	\$1,277,355,275
Operating Income at Present Rates	86,162,658	86,112,800
Earned Rate of Return	6.74%	6.74%
Fair Rate of Return	7.07%	7.07%
Required Operating Income	\$90,379,352	\$90,318,483
Operating Income Deficiency	\$4,216,693	\$4,205,683
Gross Revenue Conversion Factor	1.309403	1.309404
Current Revenue Deficiency	\$5,521,351	\$5,506,939
Historic Base Period Reconciliation	13,787,226	13,778,831
Total Revenue Deficiency	\$19,308,577	\$19,285,769
Carrying Cost	1,123,491	1,123,821
Deferred Account Balance	3,618,865	3,618,865
Total Amount to be Collected	\$24,050,933	\$24,028,455

Q24. YOU'VE INCLUDED THE ARRM DEFERRED ACCOUNT BALANCE IN TABLE 4. DID THE COMPANY ALSO REQUEST TO RECOVER THE DEFERRED ACCOUNT BALANCE IN THIS ARRM FILING?

A24. Yes. The Company requested to recover the Deferred Account Balance within the Prescribed Methodology version of the ARRM filing. However, Piedmont omitted the Deferred Account Balance from recovery in its Proposed

11. Attachment WHN-4, Schedule 1.

1 Methodology version of the ARRM filing. As mentioned earlier, the Company's
2 Proposed Methodology was designed to address the statutory state income tax rate
3 in lieu of the Company's composite state income tax rate for the calculation of
4 state excise tax expense and ADIT. Consumer Advocate witness Dittmore
5 discusses the details for the Company's Proposed Methodology in his testimony.
6 However, one aspect of the Company's Proposed Methodology apparently
7 included the ability to suspend recovery of the Deferred Account Balance shown
8 above in Table 3 to be \$3,618,865.¹² Since Mr. Dittmore recommends rejection
9 of the Company's Proposed Methodology, it follows that the proposed suspension
10 for recovery of the Deferred Account Balance would also be rejected.

11

12 ***Q25. WHY DID THE COMPANY OMIT RECOVERY OF THE DEFERRED***
13 ***ACCOUNT BALANCE IN THE PROPOSED METHODOLOGY FOR***
14 ***THIS ARRM FILING?***

15 A25. It appears that Deferred Account Balance was omitted from the Company's
16 Proposed Methodology in this ARRM filing solely to enhance the appearance of
17 any comparison between the two methodologies. However, this point is moot
18 since Mr. Dittmore recommends rejection of the Company's Proposed
19 Methodology as discussed earlier.

20

21 ***Q26. WHAT ARE YOUR RECOMMENDATIONS FOR THE ARRM REVENUE***
22 ***DEFICIENCY CALCULATION?***

¹² Company Response to Consumer Advocate Discovery Request 1-6, TPUC Docket No. 24-00036 (June 25, 2024).

1 A26. I recommend that the Commission accept the Consumer Advocate’s Total
2 Amount to be Collected of \$24,028,455 as the appropriate recovery for this
3 ARRM filing as summarized as presented in Attachment WHN-4 and summarized
4 in Table 4.
5
6

VI. ARRM RATE DESIGN

Q27. HOW ARE RATES ADJUSTED FOR THE CURRENT ARRM RECONCILIATION?

A27. The process begins by segregating the Revenue Deficiency components between the Historical Base Period and the Base Rate Reset as shown below on Table 5.

Table 5 – Allocation of Revenue Deficiency			
Item	Historical Base Period	Base Rate Reset	Total
Revenue Deficiency	\$13,778,831	\$5,506,939	\$19,285,770
Carrying Cost	1,123,821	0	1,123,821
Deferred Account Balance	3,618,865	0	3,618,865
Total	\$18,521,517	\$5,506,939	\$24,028,456

For the Historical Base Period Revenue Deficiency, an ARRM surcharge is then calculated based on the existing revenue margin for each customer class as shown on Attachment WHN-5 and summarized below in Table 6.

Table 6 – Historic Base Period Surcharge¹³				
Customer Class	Margin Percentage	Revenue Deficiency	Dekatherm Throughput	ARRM Surcharge
Residential	59.78%	\$11,071,597	13,268,551	\$0.8344
Small General	31.52%	5,839,462	8,408,826	0.6944
Large General	5.00%	925,931	2,888,970	0.3205
Interruptible	3.70%	684,527	9,083,599	0.0754
Total	100.00%	\$18,521,517	33,649,946	

As shown on Table 6, Residential customers would pay an ARRM surcharge of \$0.8344 per Dekatherm (\$0.08344 per Therm) of usage. The methodology for the rate design calculated here is prescribed in Commission Docket No. 21-00135. I

¹³ Attachment WHN-5.

1 would therefore recommend that the Commission adopt the rates summarized on
2 Table 6 and detailed in Attachment WHN-5 as appropriate for the Historic Base
3 Period Surcharge.
4

5 ***Q28. HOW WILL RATES BE ADJUSTED FOR THE BASE RATE RESET***
6 ***REVENUE DEFICIENCY?***

7 A28. For the Base Rate Reset calculation, the Revenue Deficiency is first allocated to
8 the customer classes based on the current base rate margin as shown on Table 6.

Table 7 – Base Rate Reset Revenue Deficiency Allocation ¹⁴				
Customer Class	Current Margin	Revenue Deficiency	Proposed Margin	Percent Increase
Residential	\$120,080,606	\$3,291,877	\$123,372,483	2.74%
Small General	50,753,089	1,391,340	52,144,429	2.74%
Medium General	12,580,969	344,893	12,925,862	2.74%
Large Firm	10,042,548	275,305	10,317,854	2.74%
Large Interruptible	7,424,059	203,522	7,627,581	2.74%
Total	\$200,881,272	\$5,506,937	\$206,388,209	2.74%

9
10 As can be seen from Table 7, the percentage increase from the Revenue
11 Deficiency is applied evenly to each customer class.
12

13 ***Q29. HOW DO YOU PROPOSE TO ADJUST THE COMPANY'S RATES TO***
14 ***ACHIEVE THE PROPOSED MARGIN THAT YOU'VE***
15 ***RECOMMENDED FOR THE BASE RATE RESET REVENUE***
16 ***DEFICIENCY ALLOCATION?***

¹⁴ Attachment WHN-6 and WHN Revenue Workpaper 26.4R.

1 A29. I recommend that the existing tariff usage rates for each customer class be
2 adjusted to achieve the proposed margin shown in Table 7. A summary
3 calculation of this rate design for residential customers is shown below in Table 8.
4 A complete copy of my proposed Base Rate Reset rate design for all customer
5 classes is contained in Attachment WHN-6.

Table 8 – Base Rate Reset Revenue Deficiency Rate Design¹⁵			
Description	Billing Determinants	Proposed Rates	Proposed Margin
Residential			
Winter Bills	910,201	\$17.4500	\$15,883,007
Summer Bills	1,269,501	13.4500	17,074,788
Winter Usage (Dkt)	10,369,276	7.0811	73,425,877
Summer Usage (Dkt)	2,899,275	5.8605	16,991,201
Total			\$123,374,873

6 ***Q30. DID THE COMPANY PROPOSE A SIMILAR RATE DESIGN***
7 ***METHODOLOGY FOR THE BASE RATE RESET REVENUE***
8 ***DEFICIENCY ALLOCATION?***

9 A30. Not exactly. For the Residential and Commercial tariffs, the Company did
10 propose the same rate design methodology that I have used which allocated the
11 Base Rate Reset Revenue Deficiency on customer usage. However, for the
12 Industrial customer class, the Company has arbitrarily proposed both increases
13 and decreases to usage rates as shown below on Table 9.

15 Attachment WHN-6.

Table 9 – Piedmont Proposed Rate Design¹⁶			
Description	Current Rate	Piedmont Proposed Rates	Rate Change
Large Sales Service:			
Customer Charge	\$800.0000	\$800.0000	\$0.0000
Demand Charge	8.0000	8.0000	0.0000
First 1,500 Dkt/Month	2.4500	2.5115	0.0615
Next 2,500 Dkt/Month	2.2050	2.4149	0.2099
Next 5,000 Dkt/Month	1.5100	1.5753	0.0653
Over 9,000 Dkt/Month	1.1300	0.8400	-0.2900

As shown in Table 9, the Company has proposed different rate changes for the first three usage steps along with a rate decrease for the fourth usage step. When questioned about its proposed rate design for industrial customers, the Company was unable to provide an acceptable response.¹⁷ This type of rate design certainly has disparate impacts for smaller industrial customers. Since the Company has provided no testimony that would justify such an arbitrary assignment of rates, I recommend that the Company’s Base Rate Reset rate design proposal for Industrial customers be rejected.

Q31. HAVE YOU PREPARED A COMPARISON OF THE COMPANY’S CURRENT RATES AND YOUR PROPOSED RATES?

A31. Yes. A summary comparison of the current rates and my proposed rates for residential customers is shown below in Table 10. A comparison of current and proposed rates for all customer classes is contained in Attachment WHN-7. The

¹⁶ Company revised filing, File <Schedule 24, 25, 26, 28 Billing Determinants, Proposed Revenues & Rates, WNA Exist DEPR>, Tab “Schedule 26.2”, (June 25, 2024).

¹⁷ Company Response to Consumer Advocate Discovery Request 1-14, TPUC Docket No. 24-00036 (June 25, 2024).

1 methodology for the rate design calculated here is prescribed in Commission
2 Docket No. 21-00135. I would therefore recommend that the Commission accept
3 the Consumer Advocate's proposed rate design shown in Attachment WHN-7 as
4 appropriate for the recovery of the Revenue Deficiency in this ARRM filing.

5

Table 10 – Current and Proposed Rates¹⁸		
	Current Rates	Proposed Rates
Residential:		
Winter Customer Charge	\$17.4500	\$17.4500
Summer Customer Charge	13.4500	13.4500
Winter Usage (Dkt)	6.8231	7.0811
Summer Usage (Dkt)	5.6470	5.8605
ARM Surcharge (Dkt)	0.5164	0.8344

6

¹⁸ Attachment WHN-7.

VII. WEATHER NORMALIZATION ADJUSTMENT CALCULATION

Q32. MR. NOVAK, HAVE YOU UPDATED THE COMPANY'S WEATHER NORMALIZATION ADJUSTMENT FACTORS?

A32. Yes. The ARRM filing requires an update to the Company's Weather Normalization Adjustment (WNA) factors. These updated factors are summarized below on Table 11, and a complete copy of the WNA calculation is contained in Attachment WHN-8.

Table 11 – Proposed WNA Factors (Per Therm)¹⁹				
Rate Schedule	Nov-Mar R Value	Oct & Apr R Value	Heat Sensitivity Factor	Base Load Factor
Residential	\$0.70811	\$0.58605	0.17835	11.01
Small General	0.70659	0.59021	0.66142	108.83
Medium General	0.60171	0.50261	8.03712	1,587.73

The methodology for the WNA factors calculated here is prescribed in Commission Docket No. 21-00135. I would therefore recommend that the Commission accept the Consumer Advocate's proposed WNA Factors shown in Attachment WHN-8 as appropriate in this ARRM filing.

¹⁹ Attachment WHN-8.

1 **VIII. RECOMMENDATIONS**

2

3 ***Q33. MR. NOVAK, PLEASE SUMMARIZE YOUR RECOMMENDATIONS TO***

4 ***THE COMMISSION ON ARRM FILING.***

5 ***A33.*** My recommendations are as follows:

- 6 • I recommend that the Commission reduce CWIP by \$722,315 and
- 7 Depreciation Expense by \$14,573 to reflect the cumulative impact of
- 8 Incentive Compensation as shown on Attachment WHN-1 and summarized in
- 9 Table 2 of my testimony.
- 10
- 11 • I recommend that the Commission adjust Accumulated Deferred Income
- 12 Taxes to reflect the correct allocations to Tennessee as shown on Attachment
- 13 WHN-3 and summarized in Table 3 of my testimony.
- 14
- 15 • I recommend that the Commission accept the Company's recognition of
- 16 approximately \$1.2 million in Rate Base for Deferred Environmental Costs as
- 17 well as the annual amortization of \$401,000 as proposed by the Company.
- 18
- 19 • I recommend that the Commission accept the Consumer Advocates' Total
- 20 Amount to be Collected of \$24,028,455 as the appropriate recovery for this
- 21 ARRM filing as shown on Attachment WHN-4 and summarized in Table 4 of
- 22 my testimony.
- 23
- 24 • I recommend that the Commission accept the rates shown on Attachment
- 25 WHN-5 and summarized on Table 6 of my testimony as appropriate for the
- 26 Historic Base Period Surcharge.
- 27
- 28 • I recommend that the Commission reject the Company's Base Rate Reset rate
- 29 design proposal for Industrial customers.
- 30
- 31 • I recommend that the Commission accept the rates shown on Attachment
- 32 WHN-6 and summarized on Table 8 of my testimony as appropriate for the
- 33 Base Rate Reset.
- 34
- 35 • I recommend that the Commission accept the WNA Factors shown in
- 36 Attachment WHN-8 and summarized in Table 11 as appropriate in this
- 37 ARRM filing.
- 38

1 ***Q34. MR. NOVAK, DO YOU HAVE ANY CONCLUDING REMARKS***
2 ***REGARDING THIS ARRM FILING?***

3 ***A34.*** Yes. The ARRM filing is a very complicated calculation – one that takes the
4 place of a rate case filing in an abbreviated period. By necessity, ARRM filings
5 require support for prescribed calculations with readily available information on a
6 timely basis. However, in this filing, Piedmont has attempted to change the
7 process for the ARRM filing by including an alternative calculation methodology
8 as well as proposing changes to depreciation rates. While the ARRM does allow
9 for these types of changes to be considered, it is simply not feasible within the
10 condensed schedule for an ARRM reconciliation docket. Instead, I would
11 recommend that any future proposed changes to the ARRM calculation
12 methodology be presented to the Commission in a separate docket.

13

14 ***Q35. DOES THIS COMPLETE YOUR TESTIMONY?***

15 ***A35.*** Yes, it does. However, I reserve the right to incorporate any new information that
16 may subsequently become available.

17

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT 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

AFFIDAVIT

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


WILLIAM NOVAK

Sworn to and subscribed before me
this 6th day of August, 2024.


NOTARY PUBLIC



My commission expires: 1/31/2027.

ATTACHMENT WHN-1

Cumulative Impact of
Incentive Compensation

Month	TN Direct CWIP	Allocated CWIP	Total TN CWIP	Incentive Compensation	Adjusted CWIP
Beginning Balance				-722,315 A/	
December 31, 2022	54,219,477	3,502,713	57,722,191	-874,364	56,847,827
January 31, 2023	58,386,894	3,673,429	62,060,323	-947,000	61,113,323
February 28, 2023	63,997,210	4,163,346	68,160,556	-1,058,983	67,101,574
March 31, 2023	65,010,713	4,618,211	69,628,924	-1,107,790	68,521,134
April 30, 2023	79,017,855	4,484,475	83,502,330	-1,196,044	82,306,286
May 31, 2023	78,096,917	6,819,905	84,916,821	-1,277,749	83,639,072
June 30, 2023	83,806,622	7,490,915	91,297,538	-1,286,582	90,010,955
July 31, 2023	92,796,029	8,670,823	101,466,852	-1,316,297	100,150,555
August 31, 2023	101,925,223	9,188,246	111,113,469	-1,401,007	109,712,462
September 30, 2023	108,484,107	10,301,136	118,785,244	-1,366,763	117,418,481
October 31, 2023	73,830,098	13,164,935	86,995,033	-1,473,773	85,521,260
November 30, 2023	78,758,480	13,685,603	92,444,083	-1,588,350	90,855,734
December 31, 2023	71,385,498	15,674,359	87,059,857	-1,752,309	85,307,547
13-Month Average	77,670,394	8,110,623	85,781,017		84,500,478

A/ Attachment WHN-1, Schedule 2.

Source: WHN Workpaper 15.0-CWIP

<u>Month</u>	<u>Incentive Compensation A/</u>	<u>Cumulative Total</u>
December 31, 2021	70,225	70,225
January 31, 2022	63,260	133,485
February 28, 2022	66,353	199,838
March 31, 2022	49,083	248,921
April 30, 2022	67,030	315,951
May 31, 2022	67,876	383,827
June 30, 2022	67,614	451,441
July 31, 2022	70,390	521,831
August 31, 2022	69,959	591,790
September 30, 2022	75,593	667,383
October 31, 2022	-18,449	648,933
November 30, 2022	87,955	736,888
December 31, 2022	152,048	888,936
Total	<u>888,936</u>	

Cumulative Balance at November 30, 2022	736,888
Composite Depreciation Rate	<u>1.98%</u>
Depreciation Adjustment	<u>14,573</u>

Cumulative Balance at November 30, 2022	736,888
Less Accumulated Depreciation	<u>-14,573</u>
Net CWIP Adjustment	<u>722,315</u>

A/ PNG Schedule 15.1 in Previous ARM Docket No. 23-00035.

Source: WHN Workpaper 15.3-CWIP

ATTACHMENT WHN-2

Capitalized Incentive Compensation

from

Atmos ARM Filing in

Docket No. 24-00006

ATMOS ENERGY CORPORATION
TENNESSEE DISTRIBUTION SYSTEM ("TN ARM") - COST OF SERVICE FILING
RATE BASE AND RETURN
TEST YEAR ENDING SEPTEMBER 30, 2023

Line No.	Description	Test Year Ending Balance	Reference
	(a)	(b)	(c)
1	Original Cost of Plant ⁽²⁾	\$ 832,966,250	WP_7-10 & WP_7-2
2			
3	Accumulated Depreciation and Amortization	(245,738,946)	WP_7-2
4			
5	Construction Work in Progress per Books	18,974,243	WP_7-2
6			
7	Storage Gas Investment	9,940,251	WP_7-2
8			
9	Cash Working Capital	2,088,657	WP 7-5
10			
11	Material & Supplies	503,515	WP_7-2
12			
13	Regulatory Assets/Liabilities (EDITL & Deferral)	(14,132,510)	WP 7-9
14			
15	Accumulated Deferred Income Tax	(81,787,348)	WP_7-2
16			
17	Customer Advances for Construction	(20,280)	WP_7-2
18			
19	Customer Deposits	(1,872,103)	WP_7-2
20			
21	Accumulated Interest on Customer Deposits	(24,174)	WP_7-2
22			
23	Unadjusted Rate Base	<u>\$ 520,897,555</u>	Sum (Ln 1 : Ln 21)
24			
25	Capitalized Incentive Compensation & SERP Adjustments	(9,849,282)	WP_7-8
26			
27	Net Elimination of Intercompany Leased Property	5,894,770	WP_7-2

28			
29	Cloud projects	<u>112,875</u>	WP_7-2
30			
31	Total Rate Base	<u>\$ 517,055,917</u>	Sum (Ln 23 : Ln 29)
32			
33	Return at Overall Cost of Capital on Rate Base	<u>\$ 39,089,427</u>	Sch 9
34			
35	Notes:		
36	1. Thirteen months Average ended September 30, 2023.		
37	2. Per Docket 18-00112 Settlement Agreement, Original cost of Plant calculation includes 13 months average balance of the Total Deferral Regulatory Asset excluding Interest & RWIP Interest, FERC Account 186 and sub account 14218, please see tab "WP_7-10" for more details.		
38	3. The Cloud Computing Projects Regulatory Asset represents amounts recorded to FERC accounts 174 and 182.3 for information technology software as a service rather than a purchase. Please see tab, "WP_7-2" for a more detailed description.		

ATMOS ENERGY CORPORATION
TENNESSEE DISTRIBUTION SYSTEM ("TN ARM") - COST OF SERVICE FILING
AMORTIZATION SCHEDULE OF CAPITALIZED INCENTIVE COMPENSATION & SERP ADJUSTMENTS
TEST YEAR ENDING SEPTEMBER 30, 2023

Line No.	Description	Rate Base	Depreciation Expense
	(a)	(b)	(c)
1	<i>This section intentionally left blank.</i>		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11	<u>Historic Base Period</u>		
12	Docket No. 16-00013, 2016 TN ARM Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16	\$ 1,013,079	\$ 29,796
13	Docket No. 17-00012, 2017 TN ARM Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 9-30-17	1,104,325	29,847
14	Docket No. 18-00067, 2018 TN ARM Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 9-30-18	871,673	22,939
15	Docket No. 19-00076, 2019 TN ARM Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 9-30-19	952,363	24,420
16	Docket No. 21-00019, 2020 TN ARM Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 9-30-20	1,143,563	28,589
17	Docket No. 22-00010, 2021 TN ARM Amortization Schedule of Capitalized Incentive Compensation & SERP Adjustments, TYE 9-30-21	1,775,751	43,311
18	Docket No. 23-00008, 2022 TN ARM Amortization Schedule of Capitalized Incentive Compensation & SERP Adjustments, TYE 9-30-22	1,435,833	33,391
19	Docket No. 24-xxxxx, 2023 TN ARM Amortization Schedule of Capitalized Incentive Compensation & SERP Adjustments, TYE 9-30-23	1,552,695	36,969
20	Total	<u>\$ 9,849,282</u>	<u>\$ 249,262</u>
21			
22			
23	Note:		
24	1. Historic Base Period Amounts for the period of 12 months ended Septmeber 2023.		

ATTACHMENT WHN-3
ADIT Support for 2023

SOURCE: WHN Workpapers, Schedule 18.4 - ADIT Allocation by Component

Item	December 2022	March 2023	June 2023	September 2023	November 2023	December 2023
WHN Calculations:						
Gas Deferral Adjustments	-1,605,492	-4,665,751	-4,967,083	-4,278,665	-4,189,897	-4,325,975
Other Excluded Adjustments	0	0	0	0	0	-342,589
Other Included Adjustments	-524,501	-532,570	-532,570	-587,760	-587,760	-587,760
Account 190	24,593,967	26,789,104	26,703,734	27,007,620	28,482,253	28,864,479
Account 282	-149,986,675	-152,184,980	-154,992,806	-157,111,841	-159,280,008	-157,720,735
Account 283	-12,193,178	-16,118,944	-17,302,475	-21,629,626	-21,684,591	-21,552,650
Total ADIT	-139,715,879	-146,713,141	-151,091,201	-156,600,272	-157,260,003	-155,665,230
Piedmont Calculations:						
Gas Deferral Adjustments	-1,605,492	-4,665,751	-4,967,083	-4,278,665	-4,189,897	-4,325,975
Other Excluded Adjustments	0	0	0	0	0	-342,589
Other Included Adjustments	-524,501	-532,570	-532,570	-587,760	-587,760	-587,760
Account 190	24,593,967	26,789,104	26,703,734	27,009,576	28,482,253	28,864,479
Account 282	-149,986,675	-152,184,980	-154,992,806	-156,997,466	-159,057,730	-157,488,646
Account 283	-12,193,178	-16,118,944	-17,302,475	-21,777,158	-21,784,819	-21,642,863
Total ADIT	-139,715,879	-146,713,141	-151,091,201	-156,631,473	-157,137,953	-155,523,355
Difference	0	0	0	31,201	-122,050	-141,875

SOURCE: WHN Workpapers, Schedule 18.4 - ADIT Allocation by Component

Item			December 2022	March 2023	June 2023	September 2023	November 2023	December 2023
Accumulated Deferred Income Tax:								
Gas Deferral Adjustments - Non Rate Base 190/282/283								
T19A22	Miscellaneous NC Taxable Income Adj - DTA		0	0	0	0	0	0
T15A22	Mark to Market - LT		6,462,258	5,677,353	6,183,239	5,775,209	5,761,474	5,852,775
T15A23	Mark to Market Reg - LT		-6,462,258	-5,677,353	-6,183,239	-5,775,209	-5,761,474	-5,852,775
T15A65	Hedging		0	0	0	0	0	0
T18A01	Gas Deferrals		1,514,720	4,431,923	4,684,856	4,393,138	4,277,485	4,364,695
T18A03	Gas Deferrals NRBNC		0	0	0	0	0	0
T18A04	Gas Revenue NRBNC		0	0	0	0	0	0
T22B01	Tax intang for interconnection		336,531	316,670	297,450	277,546	264,276	257,641
T15B05	TN Incentive reg		-245,759	-82,842	-15,223	-392,019	-351,864	-296,361
T15B36	Regulatory Asset/Liab Def Revenue NC		0	0	0	0	0	0
T15A20	Hedging Transfer		0	0	0	0	0	0
Total Gas Deferral Adjustments			1,605,492	4,665,751	4,967,083	4,278,665	4,189,897	4,325,975
Piedmont Amounts (Response to CA2-21)			1,605,492	4,665,751	4,967,083	4,278,665	4,189,897	4,325,975
Difference			0	0	0	0	0	0

SOURCE: WHN Workpapers, Schedule 18.4 - ADIT Allocation by Component

Item			December 2022	March 2023	June 2023	September 2023	November 2023	December 2023
Accumulated Deferred Income Tax:								
Other Excluded Adjustments - Non Rate Base 190/282/283								
	T11A01	Bad Debt NRB	0	0	0	0	0	0
	T22A09	Charitable Contribution Accruals	0	0	0	0	0	0
	T15A27	Goodwill Amortization NRB	0	0	0	0	0	0
	T15A27	2021 NC Rate Change Impact to T15A27	0	0	0	0	0	0
	F_RGAL_190001-253602	FERC - FIT Adj Offset to Regulatory Asset (253062)						39,249
	F_RGAL_190002-253602	FERC - SIT Adj Offset to Reg Liab						6,819
	F_RGAL__Pre-existing_Deferreds_Grossup-283101-253602	Pre-Existing Deferreds Gross-up - State						43,890
	F_RGAL__Pre-existing_Deferreds_Grossup-283100-253602	Pre-existing Deferreds Gross-up - Fed						252,631
		Total Other Excluded Adjustments	0	0	0	0	0	342,589
		Piedmont Amounts (Response to CA2-21)	0	0	0	0	0	342,589
		Difference	0	0	0	0	0	0

SOURCE: WHN Workpapers, Schedule 18.4 - ADIT Allocation by Component

Item		December 2022	March 2023	June 2023	September 2023	November 2023	December 2023
Accumulated Deferred Income Tax:							
Other Included Adjustments - Rate Base 190/282/283							
	UTP (R&D)	-524,501	-532,570	-532,570	-587,760	-587,760	-587,760
	Total Other Included Adjustments	<u>-524,501</u>	<u>-532,570</u>	<u>-532,570</u>	<u>-587,760</u>	<u>-587,760</u>	<u>-587,760</u>
	Piedmont Amounts (Response to CA2-21)	-524,501	-532,570	-532,570	-587,760	-587,760	-587,760
	Difference	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

SOURCE: WHN Workpapers, Schedule 18.4 - ADIT Allocation by Component

Item	December 2022	March 2023	June 2023	September 2023	November 2023	December 2023
Accumulated Deferred Income Tax:						
190001/2 - ADIT: Prepaid: Taxes:						
AT_OTH_190_NC_Alt Fuel Credit	90,000	90,000	90,000	90,000	90,000	90,000
AT_OTH_190_NC_Alt Min Tax					1,710,600	2,179,650
AT_OTH_190_NC_FMLA_CREDIT			2,845,097		1,956	1,956
AT_OTH_190_NC_R&D_CREDIT	2,801,989	2,845,097		3,121,043	3,121,043	3,121,043
AT_OTH_190_NC_STORM_CREDIT	0	0	0	0	0	0
AT_OTH_190_SC_EIZCredit	0	0	0	0	0	0
AT_OTH_190_SEDIT	0	0	0	0	0	0
AT_OTH_190_ST_SEDIT	0	0	0	0	0	0
F_RGAL_190001-253602	41,399	40,861	40,324	39,786	39,428	39,249
F_RGAL_190002-253602	7,054	6,963	7,005	6,912	6,850	6,819
F_RGAL_Fed_Rate Chng_Gross Up_190001-254038	11,793,703	11,718,034	11,642,365	11,566,696	11,516,250	11,593,372
F_RGAL_Fed_Rate Chng_Gross Up_190001-254040	0	0	0	0	0	0
F_RGAL_Fed_Rate Chng_Gross Up_190002-254038	1,109,585	1,096,690	1,122,482	1,109,336	1,100,572	1,084,770
F_RGAL_Fed_Rate Chng_Gross Up_190002-254040	0	0	0	0	0	0
F_RGAL_NC_Rate Chng_Gross Up_190001-254055	0	0	0	0	0	0
F_RGAL_NC_Rate Chng_Gross Up_190002-254055	0	0	0	0	0	0
F_RGAL_State_Rate Chng_Gross Up_190001-254150	0	0	-555,203	-555,203	-555,203	-555,203
F_RGAL_State_Rate Chng_Gross Up_190002-254150	0	0	-96,458	-96,458	-96,458	-96,458
T11A01	0	0	0	0	0	0
T11A02	751,253	784,567	756,144	745,412	768,236	721,164
T13A32	65,587	0	0	0	0	0
T13B08	916,402	928,939	943,686	956,596	965,301	891,470
T13B28						5,551
T15A20	0	0	0	0	0	0
T15A22	6,462,258	5,677,353	6,183,239	5,775,209	5,761,474	5,852,775
T15A23	-6,462,258	-5,677,353	-6,183,239	-5,775,209	-5,761,474	-5,852,775
T15A65	0	0	0	0	0	0
T15B31	0	0	0	0	0	0
T17A02	620,248	626,444	627,113	625,317	624,577	688,182
T17A40	39,966	3,777	5,455	2,134	1,845	86,542
T17A41	9,854	10,006	10,028	0	0	0
T18A01	1,514,720	4,431,923	4,684,856	4,393,138	4,277,485	4,364,695
T18A02	10,021	9,277	8,398	7,498	6,898	6,598
T18A03	0	0	0	0	0	0
T18A04	0	0	0	0	0	0
T19A22	0	0	0	0	0	0
T19A55	29,403	28,593	94,148	94,817	94,562	94,092
T19A90	0	0	0	0	0	0
T19B02	0	0	0	0	0	0
T20A41	0	0	0	0	0	0
T22A06	493,915	459,749	418,888	377,034	348,744	334,407
T22A07	45,487	46,187	-84,631	0	0	0
T22A09	0	0	0	0	0	0
T22A10	246,655	246,655	247,189	284,506	284,506	284,506
T22A28	0	0	0	0	0	0
T22A29	105,297	102,704	100,136	97,359	96,901	97,254
T22A30	-63,779	-64,760	-64,900	0	-164,801	-164,801
T22A56	890,497	888,859	1,133,392	1,119,068	1,104,100	1,096,921
T22B01	336,531	316,670	297,450	277,546	264,276	257,641
T22B13	455,141	107,196	174,813	156,299	250,224	336,990
T22B15	38,158	9,506	13,506	0	0	0
T22B19			32,588	102,714	113,577	119,008
T22E02	-3,027	-13,148	-24,304	12,044	6,344	5,902
T22E06	208,394	201,323	201,682	206,636	202,124	227,461
Total 190001/2	22,554,454	24,922,111	24,671,250	24,740,230	26,179,937	26,918,782

SOURCE: WHN Workpapers, Schedule 18.4 - ADIT Allocation by Component

Item		December 2022	March 2023	June 2023	September 2023	November 2023	December 2023
190155 - Deferred Tax - NOL:							
AT_OTH_190_NC_Federal NOL	190155_Other NC Federal NOLs	81,730	82,988	105,033	140,034	141,870	29,497
	Total 190155	81,730	82,988	105,033	140,034	141,870	29,497
190156 - Deferred Tax_State NOLs:							
AT_OTH_190_NC_STATE_NOL	Other NC State NOLs	1,407,423	1,429,075	1,429,075	1,429,075	1,429,075	1,425,247
AT_OTH_190_OTHER_STATE_NOL	Other State NOLs	72,232	73,344	73,344	73,344	73,344	73,344
AT_OTH_190_SC_STATE_NOL	Other SC State NOLs	45,387	46,085	46,085	46,085	46,085	46,085
AT_OTH_190_TN_STATE_NOL	Other TN State NOLs	432,740	235,501	378,947	578,852	611,941	371,524
	Total 190156	1,957,783	1,784,005	1,927,451	2,127,356	2,160,445	1,916,200
190001/2 - ADIT: Prepaid: Taxes		22,554,454	24,922,111	24,671,250	24,740,230	26,179,937	26,918,782
190155 - Deferred Tax - NOL		81,730	82,988	105,033	140,034	141,870	29,497
190156 - Deferred Tax_State NOLs		1,957,783	1,784,005	1,927,451	2,127,356	2,160,445	1,916,200
	Total 190	24,593,967	26,789,104	26,703,734	27,007,620	28,482,253	28,864,479
Piedmont Amounts (Response to CA2-21)		24,593,967	26,789,104	26,703,734	27,009,576	28,482,253	28,864,479
	Difference	0	0	0	-1,956	0	0

SOURCE: WHN Workpapers, Schedule 18.4 - ADIT Allocation by Component

Item	December 2022	March 2023	June 2023	September 2023	November 2023	December 2023
Accumulated Deferred Income Tax:						
282100/1 - ADIT: PP&E						
AT_OTH_282_NC_Alt Fuel Credit	OTH NC AT DTA for Alt Fuel Credit Basis Reduction-Fed	-18,900	-18,900	-18,900	-18,900	-18,900
AT_OTH_282_NC_ST_TBBS	Other Non-Current AT ST DTL for TBBS	94,737	91,719	91,719	91,719	91,719
AT_OTH_282_SEDIT	NC Tax Reform After-Tax DTL SEDIT	-2,556,397	-2,557,187	-2,557,187	-2,557,187	-2,663,311
AT_OTH_282_ST_SEDIT	NC State EDIT DTL	12,173,324	12,177,086	12,177,086	12,177,086	12,682,438
F_RGAL_282100-182320	FERC - FIT Adj Offset to Regulatory Liability (182320)	-1,250,294	-1,276,214	-1,301,038	-1,325,861	-1,849,822
F_RGAL_282101-182320	FERC - SIT Adj Offset to Regulatory Liability (182320)	-110,142	-114,516	-118,746	-122,977	-207,153
F_RGAL_EQUITY_AFUDC_CWIP_EXCESSADIT_282100-182320	FERC-FIT Offset to Reg Liab (182)-Equity-AFUDC-CWIP-Gross-up	0	0	0	0	0
F_RGAL_EQUITY_AFUDC_CWIP_EXCESSADIT_282101-182320	FERC-SIT Offset to Reg Liab (182)-Equity-AFUDC-CWIP-Gross-up	0	0	0	0	0
F_RGAL_EQUITY_AFUDC_EXCESSADIT_282100-182320	FERC-FIT Offset to Reg Liab (182) Equity-AFUDC-Excess-ADIT	0	0	0	0	0
F_RGAL_EQUITY_AFUDC_EXCESSADIT_282101-182320	FERC-SIT Offset to Reg Liab (182) Equity-AFUDC-Excess-ADIT	-51,123	-51,098	-51,098	-51,098	-50,327
T13A04	AFUDC Interest	-1,288,645	-1,349,632	-1,427,588	-1,529,582	-1,585,028
T13A08	Book Depreciation/Amortization	45,838,181	48,047,567	50,271,698	52,386,740	53,931,207
T13A10	Adjustment to Book Depreciation	46,543	46,543	46,644	248,975	221,714
T13A11	Lease Right of Use Asset	-140,274	-130,223	-118,270	-106,035	-97,879
T13A12	Book Gain/Loss on Property	-179,583	-182,190	-174,796	-49,552	-48,993
T13A14	Contributions in Aid (CIAC's)	2,190,348	2,303,117	2,363,150	2,954,700	2,989,512
T13A16	Cost of Removal	-8,436,678	-8,700,429	-9,410,372	-10,166,431	-10,541,103
T13A18	Capitalized Hardware/Software	48,285	48,941	49,047	49,047	49,047
T13A19	After Tax ADC, M&E, ITC Temporary	-59,230	-62,091	-64,955	-67,685	-80,912
T13A26	Tax Interest Capitalized	3,325,445	3,453,607	3,613,545	3,809,051	3,912,969
T13A28	Tax Depreciation/Amortization	-162,672,733	-166,535,673	-170,624,634	-174,348,763	-176,840,369
T13A29	Bonus Depreciation	-325,861	-326,119	-326,825	-326,825	-326,825
T13A30	Tax Gains/Losses	-2,620,464	-2,724,498	-2,824,180	-2,939,991	-3,002,514
T13A74	Capitalized 174 R&D Exp					
T13A75	Section 174 R&E Deduction	0	0	0	0	0
T13B04	Capital Improvement Addback	3,326	3,326	3,333	4,290	4,290
T13B09	Book Depreciation Charged to Other Accounts	2,217,537	2,252,305	2,290,839	2,324,497	2,346,318
T13B31	Impairment of Plant Assets	804,823	817,205	960,737	818,974	818,974
T13B32	T & D Repairs 481(a) (pursuant to 3115)					876,395
T13B33	T & D Repairs - Annual Adj.	-38,038,704	-38,375,156	-38,794,697	-39,127,628	-39,351,167
T13B44	Capitalized OH - Transportation	5,743	5,743	5,755	55,831	55,831
T22H11	Asset Retirement Costs - ARO	-92,567	-90,584	-88,793	-284,182	-282,857
TBS010	Blended - Bonus Dep Adj	103,360	101,084	100,815	98,602	84,708
TNC010	NC - Bonus Depreciation Adj.	106,018	102,513	101,486	98,475	96,542
TNC100	NC PP&E 481(a)					95
TNJ010	NJ - Bonus Depreciation Adj.	-10,904	-10,927	-11,133	-11,133	-11,133
TSC010	SC - SC Bonus Depreciation Adj.	336,825	322,672	314,693	300,374	291,086
TSC070	SC Depreciation Adjustment	367	372	380	380	739
TSC100	SC PP&E 481(a)					6,005
TTN010	TN - TN Bonus Depreciation Adj.	570,964	546,656	529,479	503,248	486,236
TTN110	TN PP&E 481(a)					477,431
TTN120	TN Section 174					6,005
	Total 282100/1	-149,986,675	-152,184,980	-154,992,806	-157,111,841	-159,280,008
	Piedmont Amounts (Response to CA2-21)	-149,986,675	-152,184,980	-154,992,806	-156,997,466	-159,057,730
	Difference	0	0	0	-114,375	-232,089

SOURCE: WHN Workpapers, Schedule 18.4 - ADIT Allocation by Component

Item	December 2022	March 2023	June 2023	September 2023	November 2023	December 2023
Accumulated Deferred Income Tax:						
283100/1 - ADIT: Other						
AT_OTH_283_SEDIT	NC Tax Reform After-Tax DTA SEDIT	-43,653	-44,324	-44,324	-44,324	-55,338
AT_OTH_283_ST_SEDIT	NC Tax Reform State After-Tax	207,870	211,068	211,068	211,068	263,515
F_RGAL__Pre-existing_Deferreds_Grossup-283101-253602	Pre-Existing Deferreds Gross-up - State	42,646	43,051	43,890	43,890	43,890
F_RGAL_EQUITY_AFUDC_CWIP_GROSSUP_283100-182320	FERC-FIT Adj Offset to Reg Liab-Equity-AFUDC-CWIP-Gross-up	0	0	0	0	0
F_RGAL_EQUITY_AFUDC_CWIP_GROSSUP_283101-182320	FERC-SIT Adj Offset to Reg Liab-Equity-AFUDC-CWIP-Gross-up	0	0	0	0	0
F_RGAL_EQUITY_AFUDC_GROSSUP_283100-182320	FERC-FIT Adj Offset to Reg Liab Equity-AFUDC-Gross-up	0	0	0	0	0
F_RGAL_EQUITY_AFUDC_GROSSUP_283101-182320	FERC-SIT Adj Offset to Reg Liab Equity-AFUDC-Gross-up	-17,013	-17,005	-17,005	-17,005	-16,659
F_RGAL_GROSSUP_283100-182320-Alt Fuel Credit	OTH NC AT DTA for Alt Fuel Credit Basis Reduct-Grossup-Fed	260	260	260	260	260
F_RGAL_GROSSUP_283101-182320-Alt Fuel Credit	OTH NC AT DTA for Alt Fuel Credit Basis Reduction-Grossup-ST	-1,238	-1,238	-1,238	-1,238	-1,238
F_RGAL_Powertax_Grossup_283100-182320	FERC-FIT Powertax Gross-Up	-396,518	-404,582	-412,305	-420,028	-582,742
F_RGAL_Powertax_Grossup_283101-182320	FERC-SIT Powertax Gross-Up	-32,000	-33,360	-34,676	-35,993	-62,182
F_RGAL_Pre-existing_Deferreds_Grossup-283100-253602	Pre-existing Deferreds Gross-up - Fed	250,254	252,631	252,631	252,631	252,631
T15A24	Loss on Reacquired Debt-Amort	-123,274	-122,839	-120,767	-118,430	-116,092
T15A27	Goodwill Amortization NRB	0	0	0	0	0
T15A78	Gross Receipts - TN	-91,890	-45,945	0	-329,449	-256,238
T15B05	TN Incentive reg	-245,759	-82,842	-15,223	-392,019	-351,864
T15B08	Reg Asset - Environmental	-1,116,970	-1,121,896	-1,363,737	-1,357,149	-1,351,774
T15B10	Deferred O&M ENCNG	0	0	0	0	0
T15B22	NC Storm Deferral - Matthew	-119,285	-119,285	-119,543	-119,543	-119,543
T15B27	Reg Asset Rate Case Expense - SC	0	0	0	0	0
T15B28	Reg Asset - Rate Case Expense	-130,647	-109,468	-101,203	-97,181	-92,356
T15B29	Reg Asset-Pension Post Retirement PAA-FAS87Qual and Oth	-4,557,674	-4,660,487	-4,703,338	-4,736,104	-4,757,948
T15B32	Deferred O&M Pipeline	0	-17,614	0	0	0
T15B36	Regulatory Asset/Liab Def Revenue NC	0	0	0	0	0
T15B37	Reg Asset-Pension Post Retirement PAA-FAS87NQ and Oth	-37,856	-38,410	-38,466	-38,438	-38,420
T15B39	Reg Asset - TN Flood	0	-24,068	-26,795	-45,543	-47,326
T15B40	Reg Asset - Accr Pension FAS158 - FAS87NQ	0	0	0	0	0
T15B41	Reg Asset - Accr Pension FAS158 - FAS 106/112	-21,075	0	0	0	1,199
T15B42	Robeson Unrecovered Costs	0	0	0	0	0
T15B44	Reg Asset - Conservation	0	0	0	0	0
T15B74	Regulatory Fee - North Carolina	0	0	0	0	0
T15C07	Reg Asset - GreenEdge Deferral	0	0	-4,782	-20,672	-34,448
T15C09	Reg Asset - TN ARM	0	-477,060	-1,038,389	-4,901,069	-4,874,769
T17A01	Vacation Carryover - Reg Asset	-473,458	-480,742	-481,782	-481,782	-481,782
T17A06	SC Commission Fee	0	0	0	0	0
T19A60	Deferred Cost - Customer Connect	0	0	0	0	0
T19A86	Deferred Fuel Asset - LT	-599,199	-4,200,472	-4,651,237	-4,372,412	-4,358,561
T19A93	Group Insurance - VEBA	29	30	30	30	-1,948
T20A36	Reg Asset Deferred Pension Costs	-2,200,244	-2,023,296	-1,939,514	-1,851,355	-1,792,581
T20A72	Roxboro WWT Deferred Costs - Reg Asset	0	0	0	0	0
T22A15	Operating Lease Deferral	0	0	0	0	0
T22A23	Retirement Plan Expense - Overfunded	-1,662,650	-1,762,695	-1,841,136	-2,085,356	-2,135,107
T22A40	Investment in Leases	0	0	0	0	0
T22A62	Advanced Rents	0	0	0	0	0
T22A74	VEBA Adjustments	0	0	0	0	0
T22B16	Miscellaneous NC Taxable Income Adj - DTL	0	0	0	0	0
T22H12	ARO Regulatory Asset	-823,835	-838,355	-854,893	-672,415	-682,444
	Total 283100/1	-12,193,178	-16,118,944	-17,302,475	-21,629,626	-21,684,591
	Piedmont Amounts (Response to CA2-21)	-12,193,178	-16,118,944	-17,302,475	-21,777,158	-21,784,819
	Difference	0	0	0	147,532	90,213

ATTACHMENT WHN-4

Revenue Deficiency

Calculation

Item	WHN Calculations ¹		Piedmont Calculations ²		Difference	
	HBP	Rate Reset	HBP	Rate Reset	HBP	Rate Reset
Rate Base	1,193,365,561	1,277,355,275	1,194,099,726	1,278,216,124	-734,165	-860,849
Operating Income	73,653,806	86,112,800	73,694,133	86,162,658	-40,327	-49,858
Earned Rate of Return	6.17%	6.74%	6.17%	6.74%	0.00%	0.00%
Fair Rate of Return	7.05%	7.07%	7.05%	7.07%	0.00%	0.00%
Required Operating Income	84,176,785	90,318,483	84,223,532	90,379,352	-46,747	-60,868
Operating Income Deficiency/(Excess)	10,522,979	4,205,683	10,529,398	4,216,693	-6,420	-11,010
Revenue Conversion Factor	1.309404	1.309404	1.309403	1.309403	0.000001	0.000001
Revenue Deficiency/(Surplus)	13,778,831	5,506,939	13,787,226	5,521,351	-8,395	-14,412
Total Revenue Deficiency/(Surplus)		19,285,769		19,308,577		
Carrying Cost		1,123,821		1,123,491		
Deferred Account Balance		3,618,865		3,618,865		
Total Amount to be Collected		24,028,455		24,050,933		

¹ WHN Workpapers, Schedule 1R-Revenue Deficiency.² Piedmont Response to Consumer Advocate Discovery Request 2-16.

Item	WHN Calculations ¹		Piedmont Calculations ²		Difference	
	HBP 12/31/23	Base Rate Reset	HBP 12/31/23	Base Rate Reset	HBP 12/31/23	Base Rate Reset
Additions:						
Utility Plant in Service	1,836,343,037	1,920,551,668	1,836,343,037	1,920,551,668	0	0
Construction Work in Progress	84,500,478	85,307,547	85,222,794	86,029,863	-722,316	-722,316
Gas Inventory	16,187,734	16,187,734	16,187,734	16,187,734	0	0
Materials & Supplies	1,096,000	1,096,000	1,096,000	1,096,000	0	0
Deferred Debits - Hedging	309,939	309,939	309,939	309,939	0	0
Deferred Debits - Environmental	1,163,926	1,163,926	1,163,926	1,163,926	0	0
Deferred Debits - Pension	6,672,927	6,672,927	6,672,926	6,672,926	1	1
Prepaid Insurance	159,458	159,458	159,458	159,458	0	0
Fleets & Other Overheads	897,223	897,223	897,223	897,223	0	0
ARM Regulatory Asset	3,413,909	16,561,202	3,413,909	16,561,202	0	0
Lead/Lag Study	2,426,414	2,910,078	2,427,625	2,906,767	-1,211	3,311
Total Additions	1,953,171,044	2,051,817,702	1,953,894,571	2,052,536,706	-723,527	-719,004
Deductions:						
Accumulated Depreciation	534,706,851	545,495,440	534,706,853	545,495,471	-2	-31
Accumulated Deferred Income Taxes	197,588,340	201,456,694	197,577,700	201,314,819	10,640	141,875
Contributions in Aid of Construction	5,828,754	5,828,754	5,828,754	5,828,754	0	0
Customer Deposits	3,946,546	3,946,546	3,946,546	3,946,546	0	0
Accumulated Interest on Customer Deposits	571,805	571,805	571,805	571,805	0	0
Accounts Payable - CWIP	16,497,106	16,497,106	16,497,106	16,497,106	0	0
Accounts Payable - Materials & Supplies	49,950	49,950	49,950	49,950	0	0
Accrued Vacation	616,131	616,131	616,131	616,131	0	0
Total Deductions	759,805,482	774,462,427	759,794,845	774,320,582	10,637	141,845
Rate Base	1,193,365,561	1,277,355,275	1,194,099,726	1,278,216,124	-734,165	-860,849

¹ WHN Workpapers, Schedule 2R-Rate Base.

² Piedmont Response to Consumer Advocate Discovery Request 2-16.

Item	WHN Calculations ¹		Piedmont Calculations ²		Difference	
	HBP 12/31/23	Base Rate Reset	HBP 12/31/23	Base Rate Reset	HBP 12/31/23	Base Rate Reset
Operating Revenues						
Gas Sales & Transportation Revenues	264,873,118	294,345,423	264,873,120	294,345,420	-2	3
Forfeited Discount Revenues	1,014,187	1,014,187	1,014,187	1,014,187	0	0
Other Operating Revenues	2,810,741	2,551,000	2,810,741	2,551,000	0	0
Total Operating Revenue	268,698,046	297,910,611	268,698,048	297,910,607	-2	3
Purchased Gas Expense	87,099,558	93,464,152	87,099,558	93,464,151	0	1
Total Margin Operating Revenues	181,598,488	204,446,459	181,598,490	204,446,456	-2	2
Operating & Maintenance Expenses	51,747,580	51,929,584	51,747,581	51,929,584	0	0
Other Operating Expenses:						
Depreciation Expense	36,459,435	43,468,292	36,459,435	43,468,292	0	0
Amortization Expense for ARM Regulatory Asset	12,720	361,221	12,720	361,221	0	0
Amortization Expense for Investment Tax Credit	-8,087	-8,087	-8,087	-8,087	0	0
General Tax Expense	13,012,929	13,012,929	13,012,929	13,012,929	0	0
State Excise Tax Expense	1,985,052	2,416,545	1,984,109	2,416,723	943	-178
Federal Income Tax Expense	10,464,500	12,948,131	10,459,069	12,949,159	5,431	-1,028
Total Other Operating Expenses	61,926,550	72,199,032	61,920,175	72,200,238	6,374	-1,206
Total Operating Expenses	113,674,130	124,128,616	113,667,756	124,129,823	6,374	-1,207
Net Operating Income	67,924,358	80,317,842	67,930,734	80,316,633	-6,376	1,209
Adjustments to Net Operating Income:						
AFUDC - Debt	1,825,210	1,927,951	1,823,768	1,944,275	1,442	-16,324
AFUDC - Equity	4,140,523	4,103,293	4,175,917	4,138,036	-35,394	-34,743
Interest on Customer Deposits	-236,286	-236,286	-236,286	-236,286	0	0
Total Adjustments to Net Operating Income	5,729,447	5,794,957	5,763,399	5,846,025	-33,951	-51,067
Net Operating Income For Return	73,653,806	86,112,800	73,694,133	86,162,658	-40,327	-49,858

¹ WHN Workpapers, Schedule 9R-Income Statement.

² Piedmont Response to Consumer Advocate Discovery Request 2-16.

Item	WHN Calculations ¹			Piedmont Calculations ²		
	Capital Structure	Cost Rate	Weighted Cost	Capital Structure	Cost Rate	Weighted Cost
Historic Base Period:						
Short-Term Debt	4.59%	5.20%	0.24%	4.59%	5.20%	0.24%
Long-Term Debt	45.44%	4.22%	1.92%	45.44%	4.22%	1.92%
Common Equity	49.97%	9.80%	4.90%	49.97%	9.80%	4.90%
Total	100.00%		7.05%	100.00%		7.05%
Base Rate Reset:						
Short-Term Debt	6.52%	5.59%	0.36%	6.52%	5.59%	0.36%
Long-Term Debt	44.39%	4.27%	1.90%	44.39%	4.27%	1.90%
Common Equity	49.09%	9.80%	4.81%	49.09%	9.80%	4.81%
Total	100.00%		7.07%	100.00%		7.07%

¹ WHN Workpapers, Schedule 10R-Cost of Capital.

² Piedmont Response to Consumer Advocate Discovery Request 2-16.

ATTACHMENT WHN-5

Historic Base Period

Rate Design

Description	Residential	Small General Service	Large General Service-Firm	Large General Service-Int	Total
Customer Class Margin Apportionment Percentage	59.78%	31.53%	5.00%	3.70%	100.00%
HBP Revenue Requirement Deficiency plus Carrying Costs for Recovery	8,908,351	4,698,506	745,016	550,779	14,902,653
ARM Reconciliation Deferred Account Balance @ March 31 of year after HBP	2,163,247	1,140,955	180,915	133,748	3,618,865
Total Amount for Recovery in this Rider	11,071,599	5,839,462	925,931	684,527	18,521,518
Throughput from Annual Base Rate Reset (Dekatherms)	13,268,551	8,408,826	2,888,970	9,083,599	33,649,946
Rate per Dekatherm	0.83440	0.69440	0.32050	0.07540	
Proposed ARM Rider Rate per therm	0.08344	0.06944	0.03205	0.00754	

SOURCE: WHN Workpaper 26.5.

ATTACHMENT WHN-6

Base Rate Reset

Rate Design

Tariff	Current Rates			Proposed Rates			
	Billing Determinants	Margin Rates	Total Margin	Margin Rates	Total Margin	Margin Change	Percentage Change
301 - Residential Service							
Bills - Winter	910,201	17.45	15,883,007	17.45	15,883,007	0	0.00%
Bills - Summer	1,269,501	13.45	17,074,788	13.45	17,074,788	0	0.00%
DTs - Winter	10,369,276	6.8231	70,750,604	7.0811	73,425,877	2,675,273	3.78%
DTs - Summer	2,899,275	5.6470	16,372,206	5.8605	16,991,201	618,995	3.78%
Total		82.76%	120,080,606		123,374,874	3,294,268	2.74%
302 - Small General Service							
Bills - Annual	215,566	44.00	9,484,904	44	9,484,904	0	0.00%
DTs - Winter	4,437,043	6.8353	30,328,518	7.0659	31,351,700	1,023,182	3.37%
DTs - Summer	1,916,046	5.7095	10,939,667	5.9021	11,308,698	369,031	3.37%
Total		83.53%	50,753,089		52,145,302	1,392,213	2.74%
352 - Medium General Service							
Bills - Annual	5,413	225.00	1,217,925	225.00	1,217,925	0	0.00%
DTs - Winter	1,388,190	5.8398	8,106,751	6.0171	8,352,877	246,126	3.04%
DTs - Summer	667,547	4.8780	3,256,293	5.0261	3,355,156	98,864	3.04%
Total		83.53%	12,580,969		12,925,958	344,990	2.74%
303 - Large General Sales Service							
Bills - Annual	723	800.00	578,400	800.00	578,400	0	0.00%
DTs - Demand	97,606	8.00	780,848	8.00	780,848	0	0.00%
DTs - First 1,500	640,207	2.4500	1,568,508	2.5539	1,635,026	66,518	4.24%
DTs - Next 2,500	277,433	2.2050	611,739	2.2985	637,679	25,940	4.24%
DTs - Next 5,000	19,644	1.5100	29,662	1.5740	30,919	1,257	4.24%
DTs - Over 9,000	0	1.1300	0	1.1779	0	0	
Minimum Margin Agreement Revenues			28,629		28,629	0	0.00%
Total			3,597,786		3,691,500	93,715	2.60%
313 - Firm Transportation Service							
Bills - Annual	850	800.00	680,000	800.00	680,000	0	0.00%
DTs - Demand	154,417	8.0000	1,235,336	8.00	1,235,336	0	0.00%
DTs - First 1,500	1,015,312	2.4500	2,487,515	2.5539	2,593,006	105,491	4.24%
DTs - Next 2,500	604,803	2.2050	1,333,591	2.2985	1,390,141	56,549	4.24%
DTs - Next 5,000	236,140	1.5100	356,571	1.5740	371,684	15,113	4.24%
DTs - Over 9,000	95,432	1.1300	107,838	1.1779	112,409	4,571	4.24%
Minimum Margin Agreement Revenues			243,911		243,911	0	0.00%
Total			6,444,763		6,626,487	181,724	2.82%
304 - Interruptible General Sales Service							
Bills - Annual	28	800.00	22,400	800.00	22,400	0	0.00%
DTs - First 1,500	22,081	1.7000	37,537	1.7500	38,641	1,104	2.94%
DTs - Next 2,500	6,601	1.4200	9,373	1.4618	9,649	276	2.94%
DTs - Next 5,000	0	1.0927	0	1.1248	0	0	
DTs - Over 9,000	0	0.4500	0	0.4632	0	0	
Minimum Margin Agreement Revenues			0		0	0	
Total			69,310		70,690	1,380	1.99%
314 - Interruptible Transportation Service							
Bills - Annual	578	800.00	462,400	800.00	462,400	0	0.00%
DTs - First 1,500	806,428	1.7000	1,370,928	1.7500	1,411,250	40,321	2.94%
DTs - Next 2,500	1,035,673	1.4200	1,470,656	1.4618	1,513,947	43,291	2.94%
DTs - Next 5,000	1,252,525	1.0927	1,368,634	1.1248	1,408,840	40,206	2.94%
DTs - Over 9,000	5,960,291	0.4500	2,682,131	0.4632	2,760,807	78,676	2.93%
Minimum Margin Agreement Revenues			0		0	0	
Total			7,354,749		7,557,244	202,494	2.75%
Total Revenue			200,881,271		206,392,055	5,510,784	2.74%

Source: WHN Workpapers, Schedule 26.2.

ATTACHMENT WHN-7
Current and Proposed Rate
Comparison

Tariff	Current Rates	Proposed Rates
301 - Residential Service		
Bills - Winter	\$17.45	\$17.45
Bills - Summer	13.45	13.45
DTs - Winter	6.8231	7.0811
DTs - Summer	5.6470	5.8605
DTs - ARM Surcharge	0.5164	0.8344
302 - Small General Service		
Bills - Annual	\$44.00	\$44.00
DTs - Winter	6.8353	7.0659
DTs - Summer	5.7095	5.9021
DTs - ARM Surcharge	0.4273	0.6944
352 - Medium General Service		
Bills - Annual	\$225.00	\$225.00
DTs - Winter	5.8398	6.0171
DTs - Summer	4.8780	5.0261
DTs - ARM Surcharge	0.4273	0.6940
303 - Large General Sales Service		
Bills - Annual	\$800.00	\$800.00
DTs - Demand	8.0000	8.0000
DTs - First 1,500	2.4500	2.5539
DTs - Next 2,500	2.2050	2.2985
DTs - Next 5,000	1.5100	1.5740
DTs - Over 9,000	1.1300	1.1779
DTs - ARM Surcharge	0.1928	0.3205
313 - Firm Transportation Service		
Bills - Annual	\$800.00	\$800.00
DTs - Demand	8.0000	8.0000
DTs - First 1,500	2.4500	2.5539
DTs - Next 2,500	2.2050	2.2985
DTs - Next 5,000	1.5100	1.5740
DTs - Over 9,000	1.1300	1.1779
DTs - ARM Surcharge	0.1928	0.3205
304 - Interruptible General Sales Service		
Bills - Annual	\$800.00	\$800.00
DTs - First 1,500	1.7000	1.7500
DTs - Next 2,500	1.4200	1.4618
DTs - Next 5,000	1.0927	1.1248
DTs - Over 9,000	0.4500	0.4632
DTs - ARM Surcharge	0.0452	0.0754
314 - Interruptible Transportation Service		
Bills - Annual	\$800.00	\$800.00
DTs - First 1,500	1.7000	1.7500
DTs - Next 2,500	1.4200	1.4618
DTs - Next 5,000	1.0927	1.1248
DTs - Over 9,000	0.4500	0.4632
DTs - ARM Surcharge	0.0452	0.0754
310 - Resale Service		
DTs - Demand	\$8.00	\$8.00
DTs - Usage	4.9063	4.9063
DTs - ARM Surcharge	0.1928	0.3205

Source:

Current ARM Surcharge - WHN Workpaper 22.10.

Proposed ARM Surcharge - WHN Workpaper 26.5.

Current and Proposed Base Rates - WHN Workpaper 26.2.

ATTACHMENT WHN-8

WNA Factors

Rate Schedule	Nov - Mar R Value	Oct & Apr R Value	Heat Sensitivity Factor	Base Load Factor
301 - Residential Service	0.70811	0.58605	0.17835	11.00875
302 - Small General Service	0.70659	0.59021	0.66142	108.83463
352 - Medium General Service	0.60171	0.50261	8.03712	1,587.72514

Month	Normal Cycle Heating Degree Days
January	739.3
February	780.8
March	493.0
April	294.5
May	103.9
June	12.0
July	0.0
August	0.1
September	1.3
October	51.6
November	305.3
December	568.1
Total	3,349.9
Winter	2,886.5
Summer	463.4
Total	3,349.9

SOURCE: WHN Workpapers, Schedule 28.0.

Filed

Confidentially

*WHN Analysis of Piedmont ARM Filing in Docket 24-00036 – Confidential (shared excel file)