

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION**

**NASHVILLE, TENNESSEE**

**November 25, 2025**

<b>IN RE:</b>	)	
	)	
<b>PETITION OF PIEDMONT NATURAL GAS</b>	)	<b>DOCKET NO.</b>
<b>COMPANY, INC. FOR APPROVAL OF ITS 2025</b>	)	<b>25-00036</b>
<b>ANNUAL REVIEW OF RATES MECHANISM</b>	)	
<b>PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)</b>	)	

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**ORDER APPROVING SETTLEMENT AGREEMENT AND SETTING ARRMs RATES**

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This matter came before Vice Chairman John Hie, Commissioner Herbert H. Hilliard, Commissioner Clay R. Good, Commissioner Kenneth C. Hill, and Commissioner David Crowell of the Tennessee Public Utility Commission (the “Commission” or “TPUC”), the voting panel assigned to this docket, during a regularly scheduled Commission Conference held on September 15, 2025, to consider the *Stipulation and Settlement Agreement* (“*Settlement Agreement*”) filed on August 25, 2025, by Piedmont Natural Gas Company, Inc. (“Piedmont” or “Company”) and the Consumer Advocate Division of the Office of the Tennessee Attorney General (“Consumer Advocate”). In summary, the *Settlement Agreement* was approved.

**BACKGROUND**

Piedmont is a wholly owned subsidiary of Duke Energy Corporation and is a public utility regulated by the Commission. The Company is in the business of transporting, distributing, and selling natural gas to approximately 204,000 residential, commercial, and industrial customers in the State of Tennessee. The Company provides service to Tennessee households, businesses, and communities in Cheatham, Davidson, Robertson, Rutherford, Sumner, Trousdale, Williamson, and

Wilson counties.<sup>1</sup> In Piedmont’s last rate case in 2021, the Company was granted a rate increase based on a revenue deficiency of \$16,250,000.<sup>2</sup>

On November 5, 2021, Piedmont initially filed a petition in Docket No. 21-00135 requesting approval of an Annual Review of Rates Mechanism (“ARRM”) pursuant to Tenn. Code Ann. § 65-5-103(d)(1)(a) and Tenn. Code Ann. § 65-5-103(d)(6). The Company’s initial petition was revised following discussions with the Consumer Advocate and presented to the Commission. However, the revised proposal was denied as the Commission found the proposed ARRM tariff was not in the public interest. The Commission’s order memorializing the denial outlined seven modifications needed for approval of an amended ARRM tariff, while noting the acceptance of several issues resolved between the Company and the Consumer Advocate.<sup>3</sup> On August 26, 2022, Piedmont filed an amended ARRM Tariff, Schedule 318, consistent with the findings and conclusions of the Commission’s Order of July 25, 2022. After the hearing on October 10, 2022, the Company’s ARRM tariff was approved.<sup>4</sup> Pursuant to the approved tariff, Piedmont is to submit its ARRM filing to the Commission no later than May 20<sup>th</sup> of each year.

In Commission Docket No. 23-00035, following the filing of Piedmont’s ARRM filing on May 19, 2023, the Commission approved a settlement agreement between the Company and the Consumer Advocate with an agreed upon overall net revenue deficiency of \$40,208,694.<sup>5</sup> In

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<sup>1</sup> Conitsha B. Barnes, Pre-Filed Direct Testimony, pp. 3-4 (May 20, 2025).

<sup>2</sup> See *In re: Petition of Piedmont Natural Gas Company, Inc. for Approval of an Adjustment of Rates, Charges, and Tariffs Applicable to Service in Tennessee*, Docket No. 20-00086, *Order Approving Settlement Agreement Setting Rates and Approving Procedures for Refunds to Customers*, pp. 7-8 (May 2, 2021).

<sup>3</sup> See *In re: Petition of Piedmont Natural Gas Company, Inc. to Adopt an Annual Review of Rates Mechanism Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, Docket No. 21-00135, *Order Denying Proposed Annual Review of Rates Mechanism*, pp. 20-52 (July 25, 2022).

<sup>4</sup> *Id.*, *Order Approving Amended Annual Rate Review Mechanism*, pp. 7-8 (November 1, 2022).

<sup>5</sup> See *In re: Petition of Piedmont Natural Gas Company, Inc. for Approval of its 2023 Annual Review of Rates Mechanism Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, Docket No. 23-00035, *Order Approving Settlement and Setting ARRM Rates*, (December 4, 2024).

Commission Docket No. 24-00036, the Commission approved a settlement between the Consumer Advocate and the Company that included an agreed-upon \$20,329,072 revenue deficiency.<sup>6</sup>

### **THE PETITION**

On May 20, 2025, the Company filed its *2025 Annual Rate Review Mechanism Filing* (“*Petition*”). In support of the *Petition*, Ms. Conitsha Barnes submitted pre-filed direct testimony supporting calculations for a rate adjustment effective October 2025 based on calendar year 2024, its Historic Base Period (“HBP”).<sup>7</sup>

Based on the HBP reconciliation, Piedmont earned a return on equity (“ROE”) of 9.79% during 2024, which was just below the approved level of 9.80%, resulting in an HBP revenue deficiency, including carrying costs, of \$100,852.<sup>8</sup> Under the Annual Base Rate Reset (“ABRR”), the Company earned an ROE of 8.83%, which was also below its approved ROE, leading to an ABRR revenue deficiency of \$8,679,258.<sup>9</sup> According to Ms. Barnes, the overall proposed revenue increase associated with both revenue deficiencies in this proceeding was 2.54%.<sup>10</sup>

Ms. Barnes highlighted Piedmont’s customer service measurements during the HBP. She testified that the Company actively monitors its customer service performance through multiple channels. According to J.D. Power’s customer satisfaction studies, Piedmont ranked first during 2024 in residential customer satisfaction among large gas utilities in the South Region for the third consecutive year.<sup>11</sup> According to Ms. Barnes, Piedmont also conducts ongoing customer surveys to help identify areas for improvement, and the Company consistently receives high scores on both the

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<sup>6</sup> See *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, *Order Approving Settlement and Setting ARRM Rates*, p. 17 (December 4, 2024).

<sup>7</sup> Conitsha Barnes, Pre-Filed Direct Testimony, p. 3 (May 20, 2025).

<sup>8</sup> *Id.* at 8.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 8-9.

<sup>11</sup> *Id.* at 5.

relationship and transaction surveys. Additionally, the Piedmont call center maintained a high standard of performance in 2024, which further supports its commitment to customer satisfaction.<sup>12</sup>

Mr. Keith Goley submitted pre-filed testimony in support of the *Petition*. According to Mr. Goley, the HBP revenue shortfall as of December 31, 2024, was \$93,330.<sup>13</sup> The Company earned a 7.05% rate of return (“ROR”) on a 13-month average rate base of \$1,300,611,584 and net operating income for a return of \$91,751,956. The authorized ROR pursuant to the ARRM tariff is 7.06%, which incorporates the 9.80% ROE, as authorized by the Commission in the Company’s last rate case. The difference between the earned 7.05% and authorized 7.06% equates to a \$68,959 net return deficiency. After adjusting this amount for taxes and then adding carrying costs, a \$100,852 HBP revenue deficiency results.<sup>14</sup>

Piedmont calculated an \$8,679,258 ABRR revenue deficiency. Taken together, the ABRR shortfall and the HBP deficit calculations resulted in a 2.54% increase in total operating revenues.<sup>15</sup> Mr. Goley testified that the Company proposed to add its 2024 deficiency plus carrying costs of \$100,852 to its \$1.8 million estimated deferred ARRM balance at September 30, 2025, for a total HBP-related amount to be collected from customers of \$1,943,876.<sup>16</sup> According to Mr. Goley, the Company applied the same rate design methodology as approved by the Commission in the Company’s last rate case.<sup>17</sup>

According to Mr. Goley, the Company proposed to change the base margin volumetric billing rates (rates per therm) for each applicable rate schedule.<sup>18</sup> The resale customer class does not have active customers for recovery of the ABRR shortfall.<sup>19</sup> Piedmont determined the proposal using rates

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<sup>12</sup> *Id.* at 5-6.

<sup>13</sup> Keith Goley, Pre-Filed Testimony, p. 3 (May 20, 2025).

<sup>14</sup> *Id.* at 3-4.

<sup>15</sup> *Id.* at 4-5.

<sup>16</sup> *Id.* at 5-6.

<sup>17</sup> *Id.* at 6.

<sup>18</sup> *Id.*

<sup>19</sup> *Id.* at 6-7.

designed to compensate the utility for the cost of its services to all customer classes, while also avoiding unfairly burdening one class of customers as compared to others.<sup>20</sup> Relying upon a cost-of-service study, Mr. Goley testified that Piedmont’s residential class’s rate of return is below the overall system rate of return of 6.49% for the ABRR, while the remaining customer classes are above the overall system ROR.<sup>21</sup> The Company proposed to recover the \$8,679,258 ABRR revenue shortfall evenly across all applicable rate schedules so that the margin revenue percentage is the same for all the customer classes.<sup>22</sup>

Ms. Misty Lyons submitted pre-filed testimony in support of the *Petition*. According to Ms. Lyons, ratemaking adjustments totaling \$12,453,721 were made to the actual 13-month balances for Construction Work in Process (“CWIP”), Accumulated Deferred Income Taxes (“ADIT”), and the ARM regulatory assets of rate base.<sup>23</sup> The Company calculated operating revenues for the HBP of \$287,368,650, which reflected adjustments to the Company’s per-book revenues.<sup>24</sup> The Company calculated \$55,418,186 of Operation and Maintenance (“O&M”) expenses.<sup>25</sup> Ms. Lyons made two adjustments to general taxes. The first was the removal of \$99,413 to comply with the labor and other compensation expense methodologies, and the second was the removal of \$260,416 related to improper tax allocations.<sup>26</sup> Piedmont adjusted the Allowance for Funds Used During Construction (“AFUDC”) amounts by \$3,645,183 in order to reflect the average CWIP balance during the HBP, multiplied by the overall cost of capital, which includes the Company’s authorized ROE.<sup>27</sup>

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<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at 7-8.

<sup>22</sup> *Id.* at 8-9.

<sup>23</sup> Misty Lyons, Pre-Filed Direct Testimony, p. 3 (May 20, 2025).

<sup>24</sup> *Id.* at 5-6.

<sup>25</sup> *Id.* at 7.

<sup>26</sup> *Id.* at 10-11.

<sup>27</sup> *Id.* at 11-12.

According to Ms. Lyons, the cumulative effect of the preceding adjustments resulted in a net operating income for return in the HBP ending December 31, 2024, of \$91,751,956.<sup>28</sup> To calculate its ARRМ rider rates, the Company used \$1,843,024 as the September 30, 2025, projection for its deferred ARRМ assets account balance.<sup>29</sup>

Next, Ms. Lyons addressed Piedmont’s ABRR calculations. Ms. Lyons testified that six adjustments were made to rate base that totaled \$79,283,715 and all were prescribed by the Company’s ARRМ tariff. After these adjustments, the Company’s rate base for the ABRR was \$1,379,895,299.<sup>30</sup> Piedmont made three adjustments to revenues that resulted in \$345,534,742 in revenues for the Company’s ABRR.<sup>31</sup> The Company increased O&M expenses for the ABRR in the amount of \$152,612 to reflect amortization of deferred environmental costs for the period ended December 31, 2024.<sup>32</sup> In addition, the Company increased depreciation expenses by \$12,706,564 to ensure the ABRR is consistent with the December 31, 2024, balance of Utility Plant in Service (“UPIS”).<sup>33</sup>

### **POSITION OF THE CONSUMER ADVOCATE**

Following discovery, the Consumer Advocate filed the pre-filed testimony of Clark D. Kaml. Mr. Kaml highlighted potential issues that the ARRМ may reduce transparency, shift financial risk to ratepayers, and may not otherwise benefit ratepayers.<sup>34</sup> Mr. Kaml proposed two O&M expense adjustments totaling \$200,153, which were to exclude organizational dues and fees for the Company’s membership in chambers of commerce and the American Gas Association.<sup>35</sup> Mr. Kaml concluded the

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<sup>28</sup> *Id.* at 12.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.* at 13-15.

<sup>31</sup> *Id.* at 15-18.

<sup>32</sup> *Id.* at 18-19.

<sup>33</sup> *Id.* at 20-21.

<sup>34</sup> Clark Kaml, Pre-Filed Direct Testimony, pp. 3-5 (August 6, 2025).

<sup>35</sup> *Id.* at 5.

adjustments were necessary to eliminate costs allocated to customers that were not necessary for the provision of utility service and reflected the Commission's prior decisions.<sup>36</sup>

With respect to intra-class rate design, Mr. Kaml testified that Piedmont was allocating its margin revenue increase evenly across all applicable rate schedules as per approved methodologies. However, because the Company proposed to recover its revenue shortfall solely through the volumetric rate component, Mr. Kaml asserted that a new rate design was being introduced, rather than the one approved by the Commission in Docket No. 21-00135.<sup>37</sup> According to Mr. Kaml, changes in rate design can affect individual customers differently depending on changes in customer mix and consumption patterns. He pointed out that an equal rate increase across customer classes may not produce equal outcomes because class revenue depends on movements in independent variables, such as customer numbers and usage patterns.<sup>38</sup> Mr. Kaml testified that customer counts and usage patterns fluctuate frequently across classes, which impacts the Company's revenue distribution among its classes. He concluded that allocating rate increases only to variable charges resulted in unequal customer impacts, particularly disadvantaging low usage customers.<sup>39</sup>

Further, Mr. Kaml recommended that future filings include: (1) a listing of all rates with proposed changes; (2) side-by-side comparisons of current and proposed rates, showing both dollar and percentage changes in previous rates; (3) a comparison of proposed rates by rate class to those in the Settlement Agreement from Docket No. 20-00086, showing totals and percentage changes; and (4) a comparison of the revenue contribution from each class approved in Docket No. 21-00135 to the proposed rate in both dollar amounts and percentages of the proposed revenue shortfall (or surplus).<sup>40</sup>

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<sup>36</sup> *Id.* at 7-8, 10-11.

<sup>37</sup> *Id.* at 16-17.

<sup>38</sup> *Id.* at 18-20.

<sup>39</sup> *Id.* at 22.

<sup>40</sup> *Id.* at 24.

Mr. Kaml expressed concerns about the Company’s cost-of-service study, which assigned all direct and indirect costs to services. This approach is commonly used in rate cases, but is often subjective and produces arbitrary results. He testified that while some regulatory bodies may still require such studies, it does not make them more accurate or reliable than rates developed by other methods.<sup>41</sup> Mr. Kaml objected to the Company’s approach of adjusting rates towards “parity.” According to him, the accuracy of studies depends on subjective assumptions and can lead to a distorted cost-benefit analysis.<sup>42</sup>

In addition, Mr. Kaml highlighted concerns with Piedmont’s residential customer billing format, particularly noting that these bills only provide the total monthly charge without breaking out the individual components, such as the basic service charges or other fees. The Consumer Advocate had previously raised the issue, and the Company acknowledged the problem and agreed to work with the Consumer Advocate to address it.<sup>43</sup> The Consumer Advocate had previously suggested listing the ARRM rider charge as a separate line item on customer bills; Piedmont had opposed the suggestion due to billing system limitations. Mr. Kaml confirmed that no progress had been made since July 25, 2022, and the billing details have remained unchanged since then.<sup>44</sup>

Mr. Kaml noted that Commission Rule Chapter 1220-04-05-.15 requires utility bills to present itemized information, including the number of units billed, applicable rate schedules or how to obtain them, the gross or net amounts due, and any conversions or adjustments used to determine total charges.<sup>45</sup> While Piedmont’s bill provides three websites—one for bill payment, one linking to the Company’s homepage, and one offering generic instructions on how to read a bill—Mr. Kaml testified that none of those links provided customers with sufficient information or a direct way to

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<sup>41</sup> *Id.* at 26-28.

<sup>42</sup> *Id.* at 29-31.

<sup>43</sup> *Id.* at 32-33.

<sup>44</sup> *Id.*

<sup>45</sup> *Id.* at 35-36.

calculate the total bill.<sup>46</sup> Mr. Kaml recommended that the Company be ordered to comply with the Commission's rules and provide more granular pricing information on its customer bills, including monthly charges, volumetric rates and usage, and any other fees comprising the total charged.<sup>47</sup>

William H. Novak provided pre-filed direct testimony on behalf of the Consumer Advocate that addressed the calculations and underlying support for the revenue deficiency. Mr. Novak proposed an overall \$10,403,479 revenue shortfall for this ARRM filing.<sup>48</sup> Of the overall revenue shortfall, Mr. Novak calculated the HBP deficiency of \$1,859,052.<sup>49</sup> The Consumer Advocate calculated the ABRR at \$8,544,427, which was allocated to the different customer classes based on the current margin, and the deficiency was applied evenly to each customer class.<sup>50</sup>

Mr. Novak noted that Piedmont's initially proposed revenue deficiency for this filing was revised twice during the discovery process due to errors identified by the Consumer Advocate.<sup>51</sup> According to Mr. Novak, the Company's 2<sup>nd</sup> revised proposed ARRM filing aligned with its accounting records and followed approved methodologies, although the Consumer Advocate recommended two O&M adjustments, which were discussed in Mr. Kaml's pre-filed direct testimony.<sup>52</sup>

For residential and commercial classes, both the Company and the Consumer Advocate allocated the deficiency based on customer usage. However, Mr. Novak objected to Piedmont's approach for industrial customers and asserted that the proposed variable increases across different usage tiers lacked adequate justification. According to Mr. Novak, the Company's approach imposed

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<sup>46</sup> *Id.* at 36-37.

<sup>47</sup> *Id.* at 38.

<sup>48</sup> William H. Novak, Pre-Filed Direct Testimony, p. 4, 17; Exhibit WHN-1 (August 6, 2025).

<sup>49</sup> *Id.* at Exhibit WHN-2.

<sup>50</sup> *Id.* at p. 10; Exhibit WHN-3.

<sup>51</sup> *Id.* at 5-6.

<sup>52</sup> *Id.* at 8.

disparate impacts on smaller industrial customers and recommended that the Commission reject the Company's proposal.<sup>53</sup>

Mr. Novak next presented the updated weather normalization adjustment ("WNA") factors in this proceeding and asserted that his calculations comported with approved methodologies.<sup>54</sup> Mr. Novak recommended that Piedmont include carrying costs and the estimated September 30 balance for its existing ARRM regulatory asset on its Schedule 1 in all future filings, as these components have significant effects on rider charges. He also recommended that the Commission require Piedmont to provide its monthly consolidated financial statements (income statement and balance sheet) showing account-level impacts for North Carolina, South Carolina, and Tennessee, as part of future ARRM docket filings, since these statements are essential for completing certain ARRM calculations.<sup>55</sup>

### **THE SETTLEMENT AGREEMENT AND SUPPORTING TESTIMONY**

On August 25, 2025, the parties filed the *Settlement Agreement*, stating that all issues raised in this docket were resolved. The Consumer Advocate and the Company agreed to a generic \$200,153 downward adjustment to the Company's HBPO&M expenses, which the *Settlement Agreement* refers to as "Settlement Adjustment 1."<sup>56</sup> Settlement Adjustment 1 reduced both the proposed HBP revenue requirement deficiency and the ABRR deficiency, as included in the Company's revised proposal made on June 20, 2025. The *Settlement Agreement* also included "Settlement Adjustment 2," which adopted Mr. Novak's rate design recommendation for the industrial customer classes' rate tiers.<sup>57</sup> Ms. Lyons submitted testimony supporting and summarizing the *Settlement Agreement* and the ABRR revenue requirement deficiency of \$8,535,577.<sup>58</sup>

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<sup>53</sup> *Id.* at 11-12.

<sup>54</sup> *Id.* at 14.

<sup>55</sup> *Id.* at 15-16.

<sup>56</sup> *Settlement Agreement*, p. 4; Exhibit A (August 25, 2025).

<sup>57</sup> *Id.* at 4-5, Exhibit B.

<sup>58</sup> Misty Lyons, Pre-Filed Settlement Testimony, p. 5 (August 26, 2025).

## **THE HEARING**

The hearing on the *Settlement Agreement* was noticed by the Commission on September 5, 2025, and held during the regularly scheduled Commission Conference on September 15, 2025.

Appearances were made by the following:

Piedmont Natural Gas Company, Inc.—Brian L. Franklin, Esq., McGuire Woods, LLP, 201 N. Tyron Street, Suite 3000, Charlotte, NC 28202; Paul S. Davidson, Esq., Holland & Knight, 511 Union Street, Suite 2700 Nashville, Tennessee 37219.

Consumer Advocate Division – Victoria Glover, Esq., Office of the Tennessee Attorney General and Reporter, Post Office Box 20207, Nashville, Tennessee 37219.

The *Settlement Agreement* was presented to the hearing panel and summarized by Ms. Misty Lyons. Members of the public were given an opportunity to offer comments, but no one sought recognition to do so.

## **FINDINGS AND CONCLUSIONS**

Upon review of the evidentiary record, the panel voted unanimously to approve the *Settlement Agreement* as filed by Piedmont and the Consumer Advocate on August 25, 2025. The panel found the settlement to be consistent with prior Commission Orders and approved methodologies. The panel voted unanimously to approve the Parties' agreed-upon \$10,416,366 overall revenue deficiency as presented in the Settlement's Exhibit A. This deficiency consists of (1) \$1,880,789 in unrecovered costs related to the Company's Historic Base Period and (2) the \$8,535,577 revenue shortfall related to the Company's Annual Base Rate Reset calculation.

The panel voted unanimously to approve the Parties' proposed rate design, whereby the \$1,880,789 historic deficiency will be recovered through volumetric rider rates, and the base rate reset shortfall of \$8,535,577 will be recovered through volumetric base rates. As presented in Exhibit B of the *Settlement Agreement*, the apportionment of the revenue for recovery by customer class shall be based on each class's relative amount of weather-adjusted margin revenues and usage volumes.

Finally, the panel found that Piedmont’s ARRM permits timely recovery of reasonable and prudent expenditures by the Company for the provision of safe and reliable natural gas services, while also reducing the need for more costly rate cases. Therefore, the panel concluded that the Company’s ARRM continues to be in the public interest and should be approved.

**IT IS THEREFORE ORDERED THAT:**

1. The *Settlement Agreement* filed by Piedmont Natural Gas Company, Inc. and the Consumer Advocate Division of the Tennessee Office of the Attorney General filed on August 25, 2025, is approved and attached as Exhibit 1.
2. Any party aggrieved by the Commission’s decision in this matter may file a Petition for Reconsideration with the Commission within 15 days from the date of this Order.
3. Any party aggrieved by the Commission’s decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within 60 days from the date of this Order.

**FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:**

**Vice Chairman John Hie,  
Commissioner Herbert H. Hilliard,  
Commissioner Clay R. Good,  
Commissioner Kenneth C. Hill, and  
Commissioner David Crowell concurring.**

None dissenting.

**ATTEST:**



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**Earl R. Taylor, Executive Director**

# **Exhibit 1**

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

<b>IN RE:</b>	)	
	)	
<b>PIEDMONT NATURAL GAS</b>	)	<b>Docket No. 25-00036</b>
<b>COMPANY, INC. PETITION FOR</b>	)	
<b>APPROVAL OF ITS 2025 ANNUAL</b>	)	
<b>REVIEW OF RATES MECHANISM</b>	)	
<b>PURSUANT TO TENN. CODE ANN.</b>	)	
<b>§ 65-5-103(d)(6)</b>	)	

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**STIPULATION AND SETTLEMENT AGREEMENT**

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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.<sup>1</sup> 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 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 effective October 1.

5. On May 20, 2025, Piedmont submitted its 2025 Annual ARM Filing, reflecting the initiation of the Company's third annual review pursuant to the approved ARM Tariff and utilizing

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

calendar year 2024 as the HBP. In compliance with the approved ARM Tariff, Piedmont’s 2025 Annual ARM Filing included various schedules and the supporting direct testimony of its witnesses Conitsha Barnes, Misty Lyons, and Keith Goley.

6. The Company’s 2025 ARM Annual Filing requested the Commission’s approval to recover the following:

<b>Summary of ARM Revenue Deficiency Calculations from Initial 2025 ARM Filing</b>	
HBP Revenue Requirement Deficiency	\$ 93,330
Carrying Cost	\$ 7,522
Remaining Deferred Account Balance	\$ 1,843,024
<b>Total Amount to be Collected from ARM Rider Rates Effective October 1, 2025</b>	<b>\$ 1,943,876</b>
ABRR Revenue Requirement Deficiency	\$ 8,679,258
<b>Total Amount to be Collected from Base Rates Effective October 1, 2025</b>	<b>\$ 8,679,258</b>

The Company’s 2025 ARM Annual Filing sought approval of updated WNA factors aligned with the proposed new Base Margin Rates.

7. On June 2, 2025, the Consumer Advocate filed its Petition to Intervene, which was granted by the TPUC in an order dated June 11, 2025. The Consumer Advocate is the only intervenor of record in the Docket.

8. On August 6, 2025, the Consumer Advocate submitted direct expert testimony and supporting exhibits/workpapers from its expert witnesses, Mr. Hal Novak and Mr. Clark Kaml, which focused on the review and recommended adjustments presented by the Company in its 2025 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 by video conference and phone call to discuss the issues and documentation presented in the Docket. Pursuant to its responses to the Customer Advocate’s discovery requests, Piedmont presented to the Consumer Advocate two sets of revisions to its ARM computations. The revisions

corrected computational and input errors identified in the original ARM computations filed with the TPUC on May 20, 2025. These revisions are fully incorporated within the computations shown in Exhibit A of this Settlement Agreement.

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, detailed below, requests the Commission’s approval for Piedmont to recover the following:

<b>Summary of ARM Revenue Deficiency Calculations from Settlement Agreement Exhibit A</b>	
HBP Revenue Requirement Deficiency	\$ 34,946
Carrying Cost	\$ 2,819
Remaining Deferred Account Balance	\$ 1,843,024
<b>Total Amount to be Collected from ARM Rider Rates Effective October 1, 2025</b>	<b>\$ 1,880,789</b>
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ABRR Revenue Requirement Deficiency	\$ 8,535,577
<b>Total Amount to be Collected from Base Rates Effective October 1, 2025</b>	<b>\$ 8,535,577</b>

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. The Parties agree to one adjustment which reduces the HBP Revenue Requirement Deficiency and Annual Base Rate Revenue Requirement Deficiency compared to these amounts as shown in Piedmont’s 2<sup>nd</sup> Revision of the ARM Schedules; this is a \$200,153 downward adjustment to Piedmont’s HBP O&M Expense (“Agreed to Settlement Adjustment 1”). Exhibit A herein presents the ARM Lead Schedules incorporating Agreed to Settlement Adjustment 1.

14. The Parties agree that the Company shall adopt, for the proposed Base Margin Rates effective October 1, 2025 from this proceeding, Mr. Novak’s rate design recommendation

for the industrial customer class (“Agreed to Settlement Adjustment 2”). This rate design change, in conjunction with Agreed to Settlement Adjustment 1, are incorporated into the proposed rates and the rate design shown in Exhibit B herein.

15. Notwithstanding the aforementioned Agreed to Settlement Adjustments, the Parties agree that for the purpose of settlement within the instant proceeding, the Parties will table all of the Consumer Advocate’s requests for Commission approval of the recommendations contained in the direct testimonies of the Consumer Advocate witnesses with no precedential effect. Settlement on these tabled issues shall not prevent either the Company or the Consumer Advocate from raising them in any future docket.

16. The Parties agree that Agreed to Settlement Adjustments 1 and 2 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 ARM filings. Notwithstanding the inclusion of this provision in this Settlement Agreement, the Parties reserve their respective rights regarding these issues in future ARM proceedings.

### **III. SETTLEMENT GENERAL TERMS**

17. 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.

18. 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 to participate by telephone or video conference to reduce the costs associated with appearing physically for the hearing.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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.

25. 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.

26. 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. 25-00036, 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.

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

28. 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.

29. 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.

30. 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.

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

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

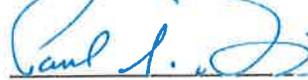
33. The Parties agree that approval of the Settlement Agreement will become effective upon the oral decision of the Commission at a noticed, public Commission conference meeting.

[signatures on the next pages]

The foregoing is agreed and stipulated to this 25th day of August, 2025.

PIEDMONT NATURAL GAS COMPANY, INC.

**HAVE SEEN AND AGREED**



Paul S. Davidson, Esq.  
Holland & Knight, LLP  
511 Union Street, Suite 2700  
Nashville, TN 37219  
Telephone: (615) 850-8942  
Email: [Paul.Davidson@hkllaw.com](mailto:Paul.Davidson@hkllaw.com)



Brian L. Franklin, Esq.  
McGuireWoods LLP  
201 North Tryon Street, Suite 3000  
Charlotte, NC 28202  
Telephone: (704) 343-2078  
Email: [bfranklin@mcguirewoods.com](mailto:bfranklin@mcguirewoods.com)

James H. Jeffries IV, Esq.  
McGuireWoods LLP  
201 North Tryon Street, Suite 3000  
Charlotte, NC 28202  
Telephone: (704) 343-2348  
Email: [jjeffries@mcguirewoods.com](mailto:jjeffries@mcguirewoods.com)

Mason E. Maney, Esq.  
McGuireWoods LLP  
201 North Tryon Street, Suite 3000  
Charlotte, NC 28202  
Telephone: (704) 343-2188  
Email: [mmaney@mcguirewoods.com](mailto:mmaney@mcguirewoods.com)

Brian S. Heslin, Esq.  
Deputy General Counsel  
Duke Energy Corporation  
525 S. Tryon Street  
Charlotte, NC 28202  
Telephone: (980) 373-0550  
Email: [Brian.Heslin@duke-energy.com](mailto:Brian.Heslin@duke-energy.com)

Pia K. Powers  
Vice President – Gas Rates & Regulatory  
Piedmont Natural Gas Company, Inc.  
525 S. Tryon Street, Mail Code DEP-18A  
Charlotte, NC 28202  
Telephone: (704) 249-6685  
Email: [Pia.Powers@duke-energy.com](mailto:Pia.Powers@duke-energy.com)

OFFICE OF THE TENNESSEE ATTORNEY GENERAL  
CONSUMER ADVOCATE DIVISION

**HAVE SEEN AND AGREED**

By:   
\_\_\_\_\_  
**JONATHAN SKRMETTL** (BPR No. 031551)  
Attorney General and Reporter  
State of Tennessee

By:   
\_\_\_\_\_  
**VICTORIA GLOVER** (BPR No. 037954)  
Assistant Attorney General  
**SHILINA B. BROWN** (BPR No. 020689)  
Senior Assistant Attorney General  
Office of the Tennessee Attorney General  
Consumer Advocate Division  
P.O. Box 20207  
Nashville, Tennessee 37202-0207  
Phone: (615) 360-4219  
Fax: (615) 741-8151  
Email: [Victoria.Glover@ag.tn.gov](mailto:Victoria.Glover@ag.tn.gov)  
Email: [Shilina.Brown@ag.tn.gov](mailto:Shilina.Brown@ag.tn.gov)

2025 Annual ARM Filing  
Settlement Schedule 1

**Piedmont Natural Gas Company, Inc.**  
Results of Operations

Line No.		Formula, Schedule or Workpaper Reference	[A] HBP Ending 12/31/24	[B] Annual Base Rate Reset
1	Rate Base	Schedule 2	\$ 1,300,595,261	\$ 1,379,890,654
2	Net Operating Income For Return	Schedule 9	91,908,238	89,640,924
3	Earned Rate of Return	L2 / L1	7.07%	6.50%
4	Fair Rate of Return	Schedule 10	7.07%	6.95%
5	Required Net Operating Income	L4 x L1	91,934,059	95,947,606
6	Net Operating Income Deficiency (Sufficiency)	L5 - L2	25,820	6,306,682
7	Gross Revenue Conversion Factor	Schedule 11	1.353418	1.353418
8	<b>Total Revenue Requirement Deficiency (Sufficiency)</b>	L6 x L7	<b>\$ <u>34,946</u></b>	<b>\$ <u>8,535,577</u></b>

Piedmont Natural Gas Company, Inc.  
Rate Base

Line No.	Formula, Schedule or Workpaper Reference	[A] 13 Month Average Actual Balances Ending 12/31/24	[B] Adjustments	[C] 13 Month Average HBP Balances Ending 12/31/24	[D] Adjustments	[E] Annual Base Rate Reset	
<b>Net Utility Plant Investment:</b>							
1	Utility Plant in Service	Schedule 13	\$ 1,994,342,365	\$ -	\$ 1,994,342,365	\$ 63,054,621	\$ 2,057,396,986
2	Construction Work in Progress	Schedule 15 & Settlement Agreement	85,826,411	(2,207,032)	83,619,380	12,992,082	96,611,462
3	Accumulated Depreciation	Schedule 16	(554,119,137)	-	(554,119,137)	(10,093,435)	(564,212,572)
4	Contributions in Aid of Construction	Schedule 17	(5,828,754)	-	(5,828,754)	-	(5,828,754)
5	Accumulated Deferred Income Taxes	Schedule 18	(236,206,275)	5,488,809	(230,717,466)	(10,828,534)	(241,646,000)
6	Total Net Utility Plant Investment	L1:L5	\$ 1,284,014,610	\$ 3,281,777	\$ 1,287,296,388	\$ 55,024,734	\$ 1,342,321,122
<b>Working Capital:</b>							
7	Gas Inventory	Schedule 19	\$ 10,898,085	\$ -	\$ 10,898,085	\$ -	\$ 10,898,085
8	Customer Deposits	Schedule 19	(3,874,423)	-	(3,874,423)	-	(3,874,423)
9	Accrued Interest on Customer Deposits	Schedule 19	(630,138)	-	(630,138)	-	(630,138)
10	Materials & Supplies	Schedule 19	1,006,933	-	1,006,933	-	1,006,933
11	Deferred Debits - Hedging	Schedule 19	451,671	-	451,671	-	451,671
12	Deferred Debits - Deferred Environmental	Schedule 19	1,057,191	-	1,057,191	-	1,057,191
13	Deferred Debits - Deferred Pension	Schedule 19	5,190,054	-	5,190,054	-	5,190,054
14	Prepaid Insurance	Schedule 19	192,093	-	192,093	-	192,093
15	Fleets & Other Overheads	Schedule 19	1,082,553	-	1,082,553	-	1,082,553
16	Accounts Payable Related to CWIP	Schedule 19	(15,810,638)	-	(15,810,638)	-	(15,810,638)
17	Accounts Payable Related to M&S	Schedule 19	(64,155)	-	(64,155)	-	(64,155)
18	Accrued Vacation	Schedule 19	(667,244)	-	(667,244)	-	(667,244)
19	Lead/Lag Study Requirement	Schedule 3	n/a	n/a	6,848,026	1,726,346	8,574,372
20	Total Working Capital	L7:L19	\$ (1,186,020)	\$ -	\$ 5,680,006	\$ 1,726,346	\$ 7,406,352
<b>ARM Regulatory Assets:</b>							
21	ARM Regulatory Asset	Schedule 20	\$ 23,354,221	\$ (15,735,355)	\$ 7,618,867	\$ 22,544,313	\$ 30,163,180
22	Total Rate Base	L6 + L20 + L21	\$ 1,306,200,812	\$ (12,453,577)	\$ 1,300,595,261	\$ 79,295,393	\$ 1,379,690,654

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]  HBP Ending 12/31/24	[B]  Annual Base Rate Reset
1	Revenue Lag	Schedules 4A & 4B	\$ 52.09	\$ 52.12
2	Expense Lead	Schedules 4A & 4B	<u>39.06</u>	<u>39.18</u>
3	Net Lag	L1 - L2	13.03	12.94
4	Daily Cost of Service	Schedules 4A & 4B	\$ <u>525,708</u>	\$ <u>662,439</u>
5	<b>Net Cash Working Capital Required</b>	L3 x L4	<b>\$ <u><u>6,848,026</u></u></b>	<b>\$ <u><u>8,574,372</u></u></b>

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

Line No.	Formula, Schedule or Workpaper Reference	[A] HBP Ending 12/31/24	[B] Lag Days per from Docket No. 20-00086	[C] Dollar Days
<b>Revenues:</b>				
1	Sales & Transportation Revenues	\$ 283,358,436	52.22	\$ 14,796,227,280
2	Forfeited Discounts Revenue	717,199	42.80	30,698,390
3	Other Operating Revenues	3,283,291	42.80	140,535,235
4	<b>Total Revenue Lag</b>	<b>\$ 287,358,925</b>	<b>52.09</b>	<b>\$ 14,967,460,904</b>
<b>Purchased Gas and O&amp;M Expense:</b>				
5	Purchased Gas	\$ 79,440,978	38.57	\$ 3,063,809,845
6	Employee Salaries and Wages (Labor Expense)	19,400,447	10.03	194,490,587
7	Incentive Pay - STIP	567,464	256.15	145,355,151
8	Incentive Pay - LTIP	-	621.50	-
9	Pension & Other Employee Benefits	2,286,260	11.55	26,410,923
10	Prepaid Insurance	948,687	0.00	-
11	Fleet Expense	2,536,094	38.54	97,738,253
12	Credit Card Expense	1,805,785	31.63	57,124,955
13	Virtual Card Expense	1,532,828	31.55	48,358,724
14	Service Company Charges	3,473,721	20.66	71,770,287
15	Outside Services	2,770,675	71.95	199,349,758
16	Regulatory Amortizations	1,834,709	0.00	-
17	TPUC Fee Expense	1,210,698	270.00	326,888,533
18	Uncollectible (Bad Debt) Expense	640,124	0.00	-
19	Other O&M Expenses	16,264,823	42.25	687,259,717
20	<b>Depreciation Expense<sup>1</sup></b>	<b>-</b>	<b>0.00</b>	<b>-</b>
<b>General Taxes:</b>				
21	Gross Receipts Tax	7,011,584	-158.50	(1,111,335,991)
22	Franchise Tax	(4,331,817)	45.00	(194,931,743)
23	Property Tax	3,469,984	228.98	794,546,406
24	Payroll Tax	1,430,358	28.49	40,752,292
25	Allocated & Other Taxes	(260,370)	35.21	(9,167,194)
26	Amortization of Investment Tax Credit	(8,087)	0.00	-
<b>Income Taxes:</b>				
27	State Income Taxes	5,129,315	45.00	230,819,163
28	Provision for Excess Deferred Income Tax (EDIT)	785,252	0.00	-
29	Federal Income Taxes	14,709,224	37.50	551,595,905
30	<b>Interest on Customer Deposits</b>	<b>175,895</b>	<b>0.00</b>	<b>-</b>
<b>Return:</b>				
31	Interest on Long-Term Debt	24,402,263	92.94	2,268,034,377
32	Interest on Short-Term Debt	4,656,599	1.49	6,925,806
33	Income for Return <sup>1</sup>	-	0.00	-
34	<b>Total Expense Lag</b>	<b>\$ 191,883,491</b>	<b>39.06</b>	<b>\$ 7,495,795,753</b>
35	<b>Daily Cost of Service</b>	<b>\$ 525.708</b>		

**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	
<b>Revenues:</b>					
1	Sales & Transportation Revenues	Schedule 9	\$ 342,095,149	52.22	\$ 17,863,302,944
2	Forfeited Discounts Revenue	Schedule 9	717,199	42.80	30,698,390
3	Other Operating Revenues	Schedule 9	2,722,394	42.80	116,527,086
4	<b>Total Revenue Lag</b>	L1:L3	<b>\$ 345,534,742</b>	<b>52.12</b>	<b>\$ 18,010,528,420</b>
<b>Cost of Gas and O&amp;M Expense:</b>					
5	Purchased Gas	Schedule 9	\$ 128,796,856	38.57	\$ 4,967,323,965
6	Employee Salaries and Wages (Labor Expense)	Schedule 52U	19,400,447	10.03	194,490,587
7	Incentive Pay - STIP	Schedule 52U	567,464	256.15	145,355,151
8	Incentive Pay - LTIP	Schedule 52U	-	621.50	-
9	Pension & Other Employee Benefits	Schedule 52U	2,286,260	11.55	26,410,923
10	Prepaid Insurance - Other Injuries & Damages	Schedule 52U	948,687	0.00	-
11	Fleet Expense	Schedule 52U	2,536,094	38.54	97,738,253
12	Credit Card Expense	Schedule 52U	1,805,785	31.63	57,124,955
13	Virtual Card Expense	Schedule 52U	1,532,828	31.55	48,358,724
14	Service Company Charges	Schedule 52U	3,473,721	20.66	71,770,287
15	Outside Services	Schedule 52U	2,770,675	71.95	199,349,758
16	Regulatory Amortizations	Schedule 33 and 34	1,987,321	0.00	-
17	TPUC Fee Expense	Schedule 52U	1,210,698	270.00	326,888,533
18	Uncollectible (Bad Debt) Expense	Schedule 52U	640,124	0.00	-
19	Other O&M Expenses	Schedule 52U	16,264,823	42.25	687,259,717
20	<b>Depreciation Expense<sup>1</sup></b>	Schedule 9	-	0.00	-
<b>General Taxes:</b>					
21	Gross Receipts Tax	Schedule 7	7,011,584	-158.50	(1,111,335,991)
22	Franchise Tax	Schedule 7	(4,331,817)	45.00	(194,931,743)
23	Property Tax	Schedule 7	3,469,984	228.98	794,546,406
24	Payroll Tax	Schedule 7	1,430,358	28.49	40,752,292
25	Allocated & Other Taxes	Schedule 7	(260,370)	35.21	(9,167,194)
26	Amortization of Investment Tax Credit	Schedule 9	(8,087)	0.00	-
<b>Income Taxes:</b>					
27	State Income Taxes	Schedule 8	4,699,265	45.00	211,466,937
28	Provision for Excess Deferred Income Tax (EDIT)	Schedule 8	785,252	0.00	-
29	Federal Income Taxes	Schedule 8	13,410,144	37.50	502,880,398
30	<b>Interest on Customer Deposits</b>	Schedule 9	175,895	0.00	-
<b>Return:</b>					
31	Interest on Long-Term Debt	Schedule 10	25,913,601	92.94	2,408,503,664
32	Interest on Short-Term Debt	Schedule 10	5,272,700	1.49	7,842,139
33	Income for Return <sup>1</sup>	Schedule 10	-	0.00	-
34	<b>Total Expense Lag</b>	L5:L33	<b>\$ 241,790,291</b>	<b>39.18</b>	<b>\$ 9,472,627,761</b>
35	<b>Daily Cost of Service</b>	L34 / 365	<b>\$ 662,439</b>		

**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 12/31/24	[B] Adjustments	[C] HBP Ending 12/31/24	[D] Adjustments	[E] Annual Base Rate Reset
1	<b>Other Purchased Gas Expense (excluding payroll)<sup>1</sup></b>	Schedule 52K	\$ 188,869	\$ (281)	\$ 188,588	\$ -	\$ 188,588
2	<b>Gas Storage Expense (excluding payroll)<sup>1</sup></b>	Schedule 52L	406,274	-	406,274	-	406,274
3	<b>Transmission Expense (excluding payroll)<sup>1</sup></b>	Schedule 52M	1,123,669	(9,620)	1,114,049	-	1,114,049
4	<b>Distribution Expense (excluding payroll)<sup>1</sup></b>	Schedule 52N	6,556,414	(42,607)	6,513,807	-	6,513,807
	<b>Customer Accounts &amp; Service Expense:</b>						
5	Uncollectible & Bad Debt Expense (excluding payroll) <sup>1</sup>	Schedule 29	1,210,906	(570,782)	640,124	-	640,124
6	Other Customer Accounts & Service Expense(excluding payroll) <sup>1</sup>	Schedule 29	4,325,962	(5,093)	4,320,869	-	4,320,869
7	<b>Total Customer Accounts &amp; Service Expense</b>	L5 + L6	<b>5,536,868</b>	<b>(575,875)</b>	<b>4,960,992</b>	-	<b>4,960,992</b>
8	<b>Sales Expense (excluding payroll)<sup>1</sup></b>	Schedule 52O	<b>120,581</b>	<b>(49,201)</b>	<b>71,380</b>	-	<b>71,380</b>
	<b>Administrative &amp; General Expense:</b>						
	<u>Payroll Expenses</u>						
9	Employee Salaries and Wages Expense <sup>2</sup>	Schedule 30	19,400,447	-	19,400,447	-	19,400,447
10	Employee STIP Compensation Expense <sup>2</sup>	Schedule 31	1,134,927	(567,464)	567,464	-	567,464
11	Employee LTIP Compensation Expense <sup>2</sup>	Schedule 32	817,123	(817,123)	-	-	-
12	Amortization Expense for Deferred Environmental Costs	Schedule 33	351,836	-	351,836	152,612	504,448
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	987,502	(297,045)	690,457	-	690,457
15	Other Pension Expense	Schedule 36	(1,682,628)	1,682,628	-	-	-
16	Lobbying Expense, Charitable Contribution, Social Club Membership Adjustment	Schedule 37	103,911	(103,911)	-	-	-
17	Advertising Expense	Schedule 38	45,424	(10,008)	35,416	-	35,416
18	Other A&G Expense	Schedule 52P	17,972,197	1,516,536	19,488,732	-	19,488,732
19	<b>Total A&amp;G Expense</b>	L9:L18	<b>40,613,611</b>	<b>1,403,613</b>	<b>42,017,224</b>	<b>152,612</b>	<b>42,169,837</b>
20	<b>Total O&amp;M Expense</b>	L1:4 + L7 + L8 + L19	<b>\$ 54,546,285</b>	<b>\$ 726,029</b>	<b>\$ 55,272,314</b>	<b>\$ 152,612</b>	<b>\$ 55,424,926</b>

**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 12/31/24	[B] Adjustments	[C] HBP Ending 12/31/24	[D] Adjustments	[E] Annual Base Rate Reset
<b>Sales &amp; Transportation Margin Revenue:</b>						
1	Sales and Transportation Margin Revenue Excluding Special Contracts	Schedules 21 & 22B \$ 218,795,055	\$ (14,877,598)	\$ 203,917,457	\$ 9,380,836	\$ 213,298,293
2	Special Contracts Margin Revenue	Schedules 21 & 22B -	-	-	-	-
3	<b>Total Margin Revenue</b>	<b>L1 + L2</b> <u>218,795,055</u>	<u>(14,877,598)</u>	<u>203,917,457</u>	<u>9,380,836</u>	<u>213,298,293</u>
4	Purchased Gas Revenue	Schedules 21 & 22B 79,440,978	-	79,440,978	49,355,878	128,796,856
5	<b>Total Sales &amp; Transportation Revenue</b>	<b>L3 + L4</b> <u>298,236,034</u>	<u>(14,877,598)</u>	<u>283,358,436</u>	<u>58,736,713</u>	<u>342,095,149</u>
<b>Other Revenue:</b>						
6	Home Protection Plan Operating Revenue	Schedule 23 -	2,515,026	2,515,026	-	2,515,026
7	EDIT Refund Elimination	Schedule 21 -	-	-	-	-
8	Other Revenue - Forfeited Discounts	Schedule 23 717,199	-	717,199	-	717,199
9	Other Revenue - Miscellaneous	Schedule 23 750,101	18,164	768,265	(560,897)	207,368
10	Other Revenue - Off-System Sales, Secondary Marketing, Cash-Outs	Schedule 23 173,122	(173,122)	-	-	-
11	<b>Total Other Revenue</b>	<b>L6:L10</b> <u>1,640,422</u>	<u>2,380,067</u>	<u>4,000,490</u>	<u>(560,897)</u>	<u>3,439,593</u>
12	<b>Total Revenue</b>	<b>L5 + L11</b> <u>\$ 299,876,456</u>	<u>\$ (12,517,531)</u>	<u>\$ 287,358,925</u>	<u>\$ 58,175,817</u>	<u>\$ 345,534,742</u>

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
	<b>Sales &amp; Transportation Margin Revenue:</b>		
1	RS 301: Residential Service <sup>1</sup>	Schedule 22B	\$ 127,979,265
2	RS 302: Small General Service <sup>1</sup>	Schedule 22B	54,137,567
3	RS 352: Medium General Service <sup>1</sup>	Schedule 22B	12,887,142
4	RS 303: Large General Sales Service - Firm <sup>1</sup>	Schedule 22B	3,894,939
5	RS 304: Large General Sales Service - Interruptible <sup>1</sup>	Schedule 22B	90,128
6	RS 313: Large General Transportation Service - Firm <sup>1</sup>	Schedule 22B	6,860,893
7	RS 314: Large General Transportation Service - Interruptible <sup>1</sup>	Schedule 22B	7,448,359
8	RS 310: Resale Service <sup>1</sup>	Schedule 22B	-
9	<b>Total Margin Revenue</b>	L1:L8	<u><b>213,298,293</b></u>
10	Special Contracts	Schedule 22B	-
11	<b>Total Base Rate Margin Revenue</b>	L9 + L10	<u><b>213,298,293</b></u>
12	Purchased Gas Revenue	Schedule 22B	<u>128,796,856</u>
13	<b>Total Sales &amp; Transportation Revenue</b>	L11 + L12	<u><b>342,095,149</b></u>
	<b>Other Revenue:</b>		
14	Home Protection Plan Operating Revenue	Schedule 23	2,515,026
15	EDIT Refund Elimination	Schedule 21	-
16	Other Revenue - Forfeited Discounts	Schedule 23	717,199
17	Other Revenue - Miscellaneous	Schedule 23	207,368
18	Other Revenue - Off-System Sales, Secondary Marketing, Cash-Outs	Schedule 23	-
19	<b>Total Other Revenue</b>	L14:L18	<u><b>3,439,593</b></u>
20	<b>Total Revenue</b>	L13 + L19	<u><b>\$ 345,534,742</b></u>

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 12/31/24	[B] Adjustments	[C] HBP Ending 12/31/24	[D] Adjustments	[E] Annual Base Rate Reset
1	Property Taxes	Schedule 52V	\$ 3,469,984	\$ -	\$ 3,469,984	\$ -	\$ 3,469,984
2	Franchise Tax	Schedule 52V	(4,331,817)	-	(4,331,817)	-	(4,331,817)
3	Gross Receipts Tax	Schedule 52V	7,011,584	-	7,011,584	-	7,011,584
4	Payroll Taxes	Schedule 52V	1,529,771	(99,413)	1,430,358	-	1,430,358
5	Allocated & Other Taxes	Schedule 52V	(520,786)	260,416	(260,370)	-	(260,370)
6	<b>Total</b>	L1:L5	<b>\$ 7,158,735</b>	<b>\$ 161,003</b>	<b>\$ 7,319,738</b>	<b>\$ -</b>	<b>\$ 7,319,738</b>

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 12/31/24	[B] Adjustments	[C] Annual Base Rate Reset	
1	<b>Operating Revenues, Excluding AFUDC</b>	Schedule 9	\$ 287,358,925	\$ 58,175,817	\$ 345,534,742
	<b>Operating Expenses:</b>				
2	Purchased Gas Expense	Schedule 9	79,440,978	49,355,878	128,796,856
3	O&M Expense	Schedule 9	55,272,314	152,612	55,424,926
4	Depreciation Expense	Schedule 9	39,216,939	12,741,683	51,958,622
5	Interest on Customer Deposits	Schedule 9	175,895	-	175,895
6	Amortization Expense for ARM Regulatory Asset	Schedule 9	97,899	733,057	830,955
7	Amortization of Investment Tax Credit	Schedule 9	(8,087)	-	(8,087)
8	General Taxes	Schedule 9	7,319,738	-	7,319,738
9	Total Operating Expenses	L2:L7	<u>181,515,676</u>	<u>62,983,230</u>	<u>244,498,906</u>
10	<b>NOI Before Excise and Income Taxes</b>	L1 - L8	<b>105,843,249</b>	<b>(4,807,413)</b>	<b>101,035,836</b>
11	AFUDC debt	Schedule 9	1,864,712	318,707	2,183,419
12	Interest Expense	Schedule 10	(29,058,862)	(2,127,440)	(31,186,302)
13	Permanent Tax Differences	Schedule 52AA	263,435	-	263,435
14	<b>Net Income Before Income Taxes</b>	L9:L11	<u>78,912,534</u>	<u>(6,616,146)</u>	<u>72,296,389</u>
	<b>Tennessee Excise Tax Calculation:</b>				
15	Net Income Before Income Taxes	L12	78,912,534	(6,616,146)	72,296,389
16	TN Statutory Income Tax Rate <sup>1</sup>	Schedule 11 & Settlement Agreement	6.50%	-	6.50%
17	<b>Excise Tax Expense</b>	L13 x L14	<u>5,129,315</u>	<u>-</u>	<u>4,699,265</u>
	<b>Federal Income Tax Calculation:</b>				
18	Net Income Before Income Taxes	L12	78,912,534	(6,616,146)	72,296,389
19	State Excise Tax Expense	L15	5,129,315	(430,049)	4,699,265
20	<b>Net Income Before Federal Income Tax</b>	L16 - L17	<u>73,783,220</u>	<u>(6,186,096)</u>	<u>67,597,124</u>
21	Federal Income Tax Rate	Schedule 11	21.00%	21.00%	21.00%
22	<b>Federal Income Tax Expense, Pre-Adjusted</b>	L18 x L19	<u>15,494,476</u>	<u>(1,299,080)</u>	<u>14,195,396</u>
23	Annual EDIT Amortization Expense for Protected PPE	Schedule 52X	785,252	-	785,252
24	<b>Net Federal Income Tax Expense</b>	L20 - L21	<u>\$ 14,709,224</u>	<u>\$ (1,299,080)</u>	<u>\$ 13,410,144</u>

1/ The Tennessee Statutory Income Tax Rate is utilized for the HBP and 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]	[A + B] [C]	[D]	[E] [= C + D]	[F]	[G] [= E + F]	
		Per Books for the 12 ME 12/31/24	Adjustments	HBP Ending 12/31/24	At Present Rates Adjustments	Annual Base Rate Reset	At Proposed Rates Rate Increase	At Proposed Rates	
<b>Operating Revenues:</b>									
1	Gas Sales & Transportation Revenues	Schedule 6A, L11 - L8	\$ 298,236,034	\$ (14,877,598)	\$ 283,358,436	\$ 58,736,713	\$ 342,095,149	\$ 8,535,577	\$ 350,630,726
2	Forfeited Discount Revenues	Schedule 6A, L8	717,199	-	717,199	-	717,199	21,604	738,803
3	Other Operating Revenues	Schedule 6A, L11 - L8	923,223	2,360,067	3,283,291	(560,897)	2,722,394	-	2,722,394
4	<b>Total Operating Revenue</b>	L1:L3	<b>299,876,456</b>	<b>(12,517,531)</b>	<b>287,358,925</b>	<b>58,175,817</b>	<b>345,534,742</b>	<b>8,557,180</b>	<b>354,091,923</b>
5	Purchased Gas Expense	Schedules 21 & 22B	62,682,623	16,758,355	79,440,978	49,355,878	128,796,856	-	128,796,856
6	<b>Total Margin Operating Revenues</b>	L4 - L5	<b>237,193,833</b>	<b>(29,275,886)</b>	<b>207,917,947</b>	<b>8,819,939</b>	<b>216,737,886</b>	<b>8,557,180</b>	<b>225,295,067</b>
7	<b>Operating &amp; Maintenance Expenses</b>	Schedule 5, L20	<b>54,546,285</b>	<b>726,029</b>	<b>55,272,314</b>	<b>152,612</b>	<b>55,424,926</b>	<b>19,065</b>	<b>55,443,992</b>
<b>Other Operating Expenses:</b>									
8	Depreciation Expense	Schedule 14	39,252,058	(35,119)	39,216,939	12,741,683	51,958,622	-	51,958,622
9	Amortization Expense for ARM Regulatory Asset	Schedule 52Z	97,899	-	97,899	733,057	830,955	-	830,955
10	Amortization Expense for Investment Tax Credit	Schedule 39	(8,087)	-	(8,087)	-	(8,087)	-	(8,087)
11	General Tax Expense	Schedule 7	7,158,735	161,003	7,319,738	-	7,319,738	-	7,319,738
12	State Excise Tax Expense	Schedule 8	4,203,192	926,123	5,129,315	(430,049)	4,699,265	554,977	5,254,243
13	Federal Income Tax Expense	Schedule 8	16,962,190	(2,252,966)	14,709,224	(1,299,080)	13,410,144	1,676,459	15,086,603
14	<b>Total Other Operating Expenses</b>	L8:L13	<b>67,665,987</b>	<b>(1,200,959)</b>	<b>66,465,028</b>	<b>11,745,610</b>	<b>78,210,638</b>	<b>2,231,436</b>	<b>80,442,074</b>
15	<b>Total Operating Expenses</b>	L7+L14	<b>122,212,273</b>	<b>(474,930)</b>	<b>121,737,342</b>	<b>11,898,222</b>	<b>133,635,564</b>	<b>2,250,502</b>	<b>135,886,066</b>
16	<b>Net Operating Income</b>	L6 - L15	<b>114,981,560</b>	<b>(28,800,955)</b>	<b>86,180,605</b>	<b>(3,078,283)</b>	<b>83,102,322</b>	<b>6,306,679</b>	<b>89,409,000</b>
<b>Adjustments to Net Operating Income:</b>									
17	AFUDC - Debt	Schedules 39 & 15.2	734,512	1,130,200	1,864,712	318,707	2,183,419	-	2,183,419
18	AFUDC - Equity	Schedules 39 & 15.2	1,523,833	2,514,983	4,038,816	492,262	4,531,078	-	4,531,078
19	Interest on Customer Deposits	Schedule 39	(175,895)	-	(175,895)	-	(175,895)	-	(175,895)
20	<b>Total Adjustments to Net Operating Income</b>	L17:L19	<b>2,082,451</b>	<b>3,645,183</b>	<b>5,727,634</b>	<b>810,968</b>	<b>6,538,602</b>	<b>-</b>	<b>6,538,602</b>
21	<b>Net Operating Income For Return</b>	L16 + L20	<b>\$ 117,064,011</b>	<b>\$ (25,155,773)</b>	<b>\$ 91,908,238</b>	<b>\$ (2,267,315)</b>	<b>\$ 89,640,924</b>	<b>\$ 6,306,679</b>	<b>\$ 95,947,602</b>

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 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
<b>Class Cost of Capital:</b>						
1	Short-Term Debt	Schedule 52Y	6.73%	5.32%	0.36%	0.26%
2	Long-Term Debt	Schedule 52Y	43.94%	4.27%	1.88%	1.36%
3	Common Equity	Schedule 52Y	49.33%	9.80%	4.83%	4.83%
4	<b>Total</b>	L1 + L2 + L3	<b>100.00%</b>		<b>7.07%</b>	<b>6.45%</b>
<b>Interest Expense of Debt for HBP Reconciliation:</b>						
5	Rate Base	Schedule 2	\$ 1,300,595,261			
6	Short-Term Debt Interest Expense	L1, Col C x L5	4,656,599			
7	Long-Term Debt Interest Expense	L2, Col C x L5	24,402,263			
8	<b>Total Interest Expense</b>	L6 + L7	<b>\$ 29,058,862</b>			
<b>Return on Equity Calculation for HBP Reconciliation:</b>						
9	Total Rate Base	Schedule 2 L22 Col C	\$ 1,300,595,261			
10	Equity Portion of Rate Base	Line 3	49.33%			
11	Equity Rate Base	L9 * L10	\$ 641,583,642			
12	Net Operating Income for Return	Schedule 9 L21 Col C	\$ 91,908,238			
13	Interest Expense	L6 + L7	29,058,862			
14	Net Equity Income for Return	L12 - L13	\$ 62,849,377			
15	<b>Earned Return on Equity</b>	L14 / L11		<b>9.80%</b>		
16	<b>Earned Rate of Return</b>	L12/L9		<b>7.07%</b>		

**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
<b>Class Cost of Capital:</b>						
1	Short-Term Debt	Schedule 52Y 8.13%	4.70%	0.38%	0.725000	0.28%
2	Long-Term Debt	Schedule 52Y 43.98%	4.27%	1.88%	0.725000	1.36%
3	Common Equity	Schedule 52Y 47.89%	9.80%	4.69%	1.000000	4.69%
4	<b>Total</b>	<b>L1 + L2 + L3</b> <b>100.00%</b>		<b>6.95%</b>		<b>6.33%</b>
<b>Interest Expense of Debt for Annual Base Rate Reset:</b>						
5	Rate Base	Schedule 2 \$ 1,379,890,654				
6	Short-Term Debt Interest Expense	L1, Col [C] x L9 5,272,700				
7	Long-Term Debt Interest Expense	L2, Col [C] x L9 25,913,601				
8	<b>Total Interest Expense</b>	<b>L10 + L11</b> <b>\$ 31,186,302</b>				
<b>Return on Equity Calculation for Annual Base Rate Reset:</b>						
9	Total Rate Base	Schedule 2 L22 Col [E] \$ 1,379,890,654				
10	Equity Portion of Rate Base	Line 3 47.89%				
11	Equity Rate Base	L9 * L10 \$ 660,829,634				
12	Net Operating Income for Return	Schedule 9 L21 Col [E] \$ 89,640,924				
13	Interest Expense	L6 + L7 31,186,302				
14	Net Equity Income for Return	L12 - L13 \$ 58,454,622				
15	<b>Earned Return on Equity</b>	L14 / L11 8.85%				
16	<b>Earned Rate of Return</b>	L12/L9 6.50%				

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

Line No.		Formula, Schedule or Workpaper Reference	[A]  Rate	[B]  Balance
1	<b>Revenue Conversion Factor:</b> \$1.00 of Operating Revenues			1.000000
2	Forfeited Discounts Factor	Schedule 9 Line 2 / Schedule 9 Line 1 [1]	0.002531	0.002531
3	Balance	L1 + L2		1.002531
4	Uncollectible Ratio	Schedule 29.3 [2]	0.002228	0.002234
5	Balance	L3 - L4		1.000297
6	TN Statutory Income Tax Rate	[3]	0.065000	0.065019
7	Balance	L5 - L6		0.935278
8	Federal Income Tax Rate		0.210000	0.196408
9	Balance	L7 - L8		0.738870
10	<b>Revenue Conversion Factor</b>	L1 / L9		<b>1.353418</b>
11	<b>Tax Factor:</b> \$1.00 of Operating Revenues			1.000000
12	TN Statutory Income Tax Rate	Line 6 [3]		0.065000
13	Balance	Line 11 - Line 12		0.935000
14	Statutory Federal Income Tax Rate	Line 8		0.210000
15	<b>Tax Factor</b>	Line 13 - Line 14		<b>0.725000</b>

[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 Tennessee Statutory Income Tax Rate is utilized for the HBP and 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]  <u>Amount</u>
	<b>Carrying Cost:</b>		
1	Total HBP Revenue Requirement Deficiency (Sufficiency)	Schedule 1, L8 Column [A]	\$ 34,946
2	Net of Tax Overall Cost of Capital	Schedule 10A, L4 Column [E]	6.45%
3	Annual Carrying Cost	L1 * L2	2,255
4	Monthly Carrying Cost	L3 / 12	188
5	Carrying Cost from July 1 of the HBP through September 30 of year after HBP (15 months)	L4 * 15	2,819
6	HBP Revenue Requirement Deficiency (Sufficiency) plus Carrying Costs	L1 + L5	37,765
7	ARM Reconciliation Deferred Account Balance <sup>1</sup>	52BB	1,843,024
8	<b>Amount to be Collected from (or Refunded to) Customers through new ARM Rider Rates</b>	L6 + L7	<b>\$ <u>1,880,789</u></b>

PIEDMONT NATURAL GAS COMPANY, INC.  
Tennessee Service Territory  
Billing Rates Effective<sup>1</sup>: October 1, 2025

SETTLEMENT

Rate Schedule	Description	SETTLEMENT Tariff					SETTLEMENT			Total Adj. Factor (Sum Col.2 thru Col.7)	Billing Rate <sup>3</sup> (Col.1 + Col.8)
		Base Rate Per 2025 Annual ARM Filing <1>	Cumulative PGA		Current ACA		Current IPA <5>	ARM Rider Rates <6>	Rate Case Rider <sup>2</sup> <7>		
			Demand <2>	Commodity <3>	Demand <4a>	Commodity <4b>					
Residential 301	Monthly Charge-Nov.-Mar.	\$17.45								\$17.45	
	Monthly Charge-Apr.-Oct.	\$13.45								\$13.45	
	Nov.- Mar. per TH	0.74620	0.07577	0.46353	(0.01022)	0.04214	0.00890	0.00814	0.00000	0.58826	
	Apr.- Oct. per TH	0.61758	0.07577	0.46353	(0.01022)	0.04214	0.00890	0.00814	0.00000	0.58826	
Small General 302	Monthly Charge	\$44.00								\$44.00	
	Nov.- Mar. per TH	0.74063	0.07577	0.46353	(0.01022)	0.04214	0.00890	0.00679	0.00000	0.58691	
	Apr.- Oct. per TH	0.61865	0.07577	0.46353	(0.01022)	0.04214	0.00890	0.00679	0.00000	0.58691	
Medium General 352	Monthly Charge	\$225.00								\$225.00	
	Nov.- Mar. per TH	0.62800	0.07577	0.46353	(0.01022)	0.04214	0.00890	0.00679	0.00000	0.58691	
	Apr.- Oct. per TH	0.52458	0.07577	0.46353	(0.01022)	0.04214	0.00890	0.00679	0.00000	0.58691	
Motor Vehicle Fuel 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		(0.09412)					0.73417	
	First 15,000 TH/TH	0.27202		0.46353		0.04214	0.00890	0.00310	0.00000	0.51767	
	Next 25,000 TH/TH	0.24212		0.46353		0.04214	0.00890	0.00310	0.00000	0.51767	
	Next 50,000 TH/TH	0.16321		0.46353		0.04214	0.00890	0.00310	0.00000	0.51767	
	Over 90,000 TH/TH	0.12513		0.46353		0.04214	0.00890	0.00310	0.00000	0.51767	
											0.64280
304 Interruptible General Sales	Monthly Charge	\$800.00								\$800.00	
	First 15,000 TH/TH	0.18240		0.46353		0.04214	0.00890	0.00073	0.00000	0.51530	
	Next 25,000 TH/TH	0.15321		0.46353		0.04214	0.00890	0.00073	0.00000	0.51530	
	Next 50,000 TH/TH	0.11674		0.46353		0.04214	0.00890	0.00073	0.00000	0.51530	
	Over 90,000 TH/TH	0.04824		0.46353		0.04214	0.00890	0.00073	0.00000	0.51530	
313 Firm Transportation	Monthly Charge	\$800.00								\$800.00	
	Demand Charge per TH	0.80000	0.82829		(0.09412)					0.73417	
	First 15,000 TH/TH	0.27202						0.00310	0.00000	0.00310	
	Next 25,000 TH/TH	0.24212						0.00310	0.00000	0.00310	
	Next 50,000 TH/TH	0.16321						0.00310	0.00000	0.00310	
	Over 90,000 TH/TH	0.12513						0.00310	0.00000	0.00310	
314 Interruptible Transportation	Monthly Charge	\$800.00								\$800.00	
	First 15,000 TH/TH	0.18240						0.00073	0.00000	0.00073	
	Next 25,000 TH/TH	0.15321						0.00073	0.00000	0.00073	
	Next 50,000 TH/TH	0.11674						0.00073	0.00000	0.00073	
	Over 90,000 TH/TH	0.04824						0.00073	0.00000	0.00073	
310 Resale Service	Demand Charge per TH	0.80000	0.82829		(0.09412)					0.73417	
	Commodity Charge	0.49063		0.46353		0.04214	0.00890	0.00310	0.00000	0.51767	

NOTES:

1/ Rates effective for bills rendered on and after the first billing cycle of October 2025

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%.