**STATE OF NORTH CAROLINA**
**UTILITIES COMMISSION**
**RALEIGH**

DOCKET NO. G-9, SUB 831

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

| In the Matter of | | |
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| Application of Piedmont Natural Gas Company, Inc. for Annual Review of Gas Costs Pursuant to N.C. Gen. Stat. § 62-133.4(c) and Commission Rule R1-17(k)(6) | ) ) ) ) ) | ORDER ON ANNUAL REVIEW OF GAS COSTS |

HEARD: Tuesday, October 3, 2023, at 9:00 a.m., Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina

BEFORE: Commissioner Floyd B. McKissick, Jr., Presiding; Commissioner Kimberly W. Duffley; and Commissioner Karen M. Kemerait

APPEARANCES:

For Piedmont Natural Gas Company, Inc.:

James H. Jeffries, IV, McGuireWoods LLP, 501 Fayetteville Street, Suite 500, Raleigh, North Carolina 27601

For the Using and Consuming Public:

Elizabeth D. Culpepper, James Bernier, Jr., and Davia Newell, Staff Attorneys, Public Staff – North Carolina Utilities Commission, 4326 Mail Service Center, Raleigh, North Carolina 27699

BY THE COMMISSION: On August 1, 2023, pursuant to N.C. Gen. Stat. § 62-133.4(c) and Commission Rule R1-17(k)(6), Piedmont Natural Gas Company, Inc. (Piedmont or Company) filed the direct testimonies and exhibits of Todd Breece, Manager of Natural Gas Trading & Optimization; Jeffrey Patton, Manager of Gas Origination; and Linda Miller, Director of Gas and Other Accounting. Piedmont's witnesses attested to the prudence of the Company's gas purchasing practices and the accuracy of the Company's gas cost accounting for the 12-month period ended May 31, 2023 (review period).

On August 10, 2023, the Commission issued its Order Scheduling Hearing, Requiring Filing of Testimony, Establishing Discovery Guidelines and Requiring Public Notice (Scheduling Order). The Scheduling Order established a hearing date of

October 3, 2023, set prefiled testimony dates, and required the Company to give notice to its customers of the hearing on this matter.

On September 18, 2023, the Public Staff – North Carolina Utilities Commission (Public Staff) prefiled the direct testimony of Blaise C. Michna, Engineer, Energy Division; and Sonja R. Johnson, Public Utility Regulatory Analyst Supervisor, Accounting Division. On September 25, 2023, the Public Staff filed the corrected direct testimony of witness Michna.

On September 28, 2023, Piedmont filed its affidavits of publication as required by the Scheduling Order. Also on September 28, 2023, Piedmont filed a Notice indicating that it would not be filing rebuttal testimony as there were no areas of contention raised in the Public Staff's testimony for the Company to address.

On September 29, 2023, the Public Staff and the Company filed a joint motion to excuse all witnesses from testifying at the expert witness hearing scheduled for October 3, 2023, and to accept the prefiled testimony and exhibits of all witnesses into the record at the hearing. The Company and Public Staff stated that they had consulted and, because there were no issues in dispute between them and no other intervenors, agreed to waive cross-examination of all expert witnesses, and did not object to the introduction of the witnesses' prefiled testimony and exhibits into the record.

On October 2, 2023, the Commission issued its Order Granting in Part Motion to Excuse Witnesses. Specifically, the Commission found good cause to excuse Piedmont witnesses Breece and Miller and Public Staff witness Michna. The Commission stated it intended to question Piedmont witness Patton and Public Staff witness Johnson and, therefore, did not excuse those witnesses from appearing at the evidentiary hearing.

On October 3, 2023, this matter came on for hearing as scheduled. As explained by the Commission at the outset of the hearing, the Commission reconsidered its Order issued October 2, 2023, and excused Company witness Patton and Public Staff witness Johnson from the hearing. No public witnesses appeared at the hearing and the Commission received the prefiled testimony and exhibits of the Piedmont and Public Staff witnesses into the record.

On October 16, 2023, the Commission issued its Notice of Due Date for Proposed Orders and/or Briefs. Official Exhibits for the hearing held in Raleigh, North Carolina on October 3, 2023, were filed in the docket on October 17, 2023.

On November 15, 2023, Piedmont and the Public Staff filed a Joint Proposed Order.

Based on the testimony and exhibits received into evidence and the record as a whole in this docket, the Commission makes the following:

## FINDINGS OF FACT

1. Piedmont is a public utility as defined in Chapter 62 of the North Carolina General Statutes and is subject to the jurisdiction and regulation of the Commission.

2. Piedmont is engaged primarily in the business of transporting, distributing, and selling natural gas to customers in North Carolina, South Carolina, and Tennessee.

3. Piedmont has filed with the Commission and submitted to the Public Staff all of the information required by N.C.G.S. § 62-133.4(c) and Commission Rule R1-17(k).

4. The review period in this proceeding is the 12 months ended May 31, 2023.

5. The Company properly accounted for its gas costs incurred during the review period.

6. During the review period, the Company incurred total North Carolina gas costs of $431,308,246, which was comprised of demand and storage charges of $150,353,646, commodity gas costs of $383,013,294, and other gas costs of ($102,058,694).

7. During the review period, Piedmont actively participated in secondary market transactions and credited the All Customers Deferred Account in the amount of $136,639,290 for the benefit of North Carolina ratepayers.

8. As of May 31, 2023, the Company had a credit balance of $37,751,146, owed by the Company to the customers, in its Sales Customers Only Deferred Account and a credit balance of $28,620,066, owed by the Company to customers, in its All Customers Deferred Account.

9. Piedmont operated a gas cost hedging program on behalf of customers during the review period. Piedmont's hedging activities during the review period were reasonable and prudent.

10. As of May 31, 2023, the balance in the Company's Hedging Deferred Account was a debit balance of $4,662,807.

11. It is appropriate for the Company to include the $4,662,807 debit balance in its Hedging Deferred Account in its Sales Customers' Only Deferred Account. The combined balance for the Hedging and Sales Customers' Only Deferred Accounts is a net credit balance of $33,088,339.

12. The Company has transportation and storage contracts with interstate pipelines, which provide for the transportation of gas to the Company's system, and long-term supply contracts with producers, marketers, and other suppliers.

13. The Company utilized a "best cost" gas purchasing policy during the applicable review period consisting of five main components: price of gas, security of the gas supply, flexibility of the gas supply, gas deliverability, and supplier relations.

14. The Company's gas purchasing policy and practices during the review period were prudent.

15. The Company's gas costs during the review period were prudently incurred, and the Company should be permitted to recover 100% of such prudently incurred gas costs.

16. No new temporary rate increments or decrements should be implemented as a result of this proceeding.

17. The appropriate interest rate to apply to Piedmont's Deferred Gas Cost Accounts during the review period is 6.45%.

18. It is appropriate for Piedmont to continue calculating interest using its overall allowed rate of return on a net-of-tax basis in its Deferred Gas Cost Accounts, adjusted for known tax changes, and have its interest rate reviewed by the Commission in Piedmont's next annual review of gas costs.

**EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 1-2**

The evidence supporting these findings of fact is contained in the official files and records of the Commission and the testimonies of Company witnesses Miller, Breece, and Patton. These findings are essentially informational, procedural, or jurisdictional in nature and are not contested by any party.

**EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 3-4**

The evidence supporting these findings of fact is contained in the testimonies of Company witnesses Miller, Breece, and Patton, the testimonies of Public Staff witnesses Michna and Johnson, and the provisions of N.C.G.S. § 62-133.4(c) and Commission Rule R1-17(k)(6).

Pursuant to N.C.G.S. § 62-133.4, Piedmont is required to submit to the Commission information and data for a historical 12-month review period concerning its actual cost of gas, volumes of purchased gas, sales volumes, negotiated sales volumes, and transportation volumes. Commission Rule R1-17(k)(6)(a) establishes May 31, 2023, as the end date of the annual review period for the Company in this proceeding. Commission Rule R1-17(k)(6)(c) requires that Piedmont file weather-normalized data, sales volumes, workpapers, and direct testimony and exhibits supporting its annual review filing.

Company witness Miller testified that the Company filed with the Commission and submitted to the Public Staff throughout the review period complete monthly accountings of the computations required by Commission Rule R1-17(k)(6)(c). Witness Miller included the annual data required by Commission Rule R1-17(k)(6)(c) as Exhibit_(LLM-1) to her direct testimony. Public Staff witness Johnson stated that she had presented the results of her review of the gas cost information filed by Piedmont in accordance with N.C.G.S. § 62-133.4(c) and Commission Rule R1-17(k)(6).

Based upon the foregoing, the Commission concludes that Piedmont has complied with the procedural requirements of N.C. Gen. Stat. § 62-133.4(c) and Commission Rule R1-17(k) for the 12-month review period ended May 31, 2023.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 5-8

The evidence supporting these findings of fact is contained in the testimonies of Company witnesses Miller and Breece, and the testimony of Public Staff witness Johnson.

Company witness Miller testified that Piedmont incurred total North Carolina gas costs of $431,308,246 during the review period, which was comprised of demand and storage charges of $150,353,646, commodity gas costs of $383,013,294, and other gas costs of ($102,058,694).

Company witness Breece provided testimony on the process that Piedmont utilized and the market intelligence that was evaluated during the review period to determine the prices charged for secondary market sales. Witness Breece explained that the process and information used by Piedmont in pricing secondary market sales depends upon the location of the sale, term and type of the sale, and prevailing market conditions at the time of the sale. Witness Breece stated that for long-term delivered sales (longer than one month), Piedmont generally solicits bids from potential buyers and, if acceptable, evaluates and awards volumes based on an evaluation of bids received. Witness Breece further stated that, for short-term transactions (daily or monthly), Piedmont monitors prices and volumes on the Intercontinental Exchange, talks to various market participants, and for less liquid trading points, estimates prices based on price relationships with more liquid points. The Company also evaluates the amount of supply available for sale and weighs that against current market conditions in formulating its sales strategy. The Company incorporates all of these factors and then initiates its sales strategy.

Public Staff witness Johnson explained the significant increases or decreases in demand and storage charges. Witness Johnson testified that the Demand and Storage changes were primarily a result of various Federal Energy Regulatory Commission (FERC) rulings, and the summary of Demand and Storage Rate Changes as a result of the various FERC rulings in its dockets during the review period can be found in Company witness Miller’s Exhibit_(LLM-1), Schedule 5.

Public Staff witness Johnson also testified that the Company earned actual total company margins of $209,699,951 on secondary market transactions and credited the All Customers Deferred Account in the amount of $136,639,290 for the benefit of North Carolina ratepayers ($209,699,951 – 100% of Duke secondary market sales) x (NC demand allocator x 75% ratepayer sharing percent) + (100% Duke secondary market sales x NC demand allocator). The margins earned were a result of Piedmont's participation in asset management arrangements, capacity releases, and off system sales.

Company witness Miller's prefiled testimony and exhibits reflected a credit balance of $37,751,146 in the Company's Sales Customers Only Deferred Account and a credit balance of $28,620,066 in its All Customers Deferred Account as of May 31, 2023. Public Staff witness Johnson agreed with these balances and testified that the Company properly accounted for its gas costs incurred during the review period.

Based upon the foregoing, the Commission concludes that the Company properly accounted for its gas costs incurred during the review period. The Commission also concludes that the appropriate level of total North Carolina gas costs incurred for this proceeding is $431,308,246. The Commission further concludes that the appropriate deferred account balances as of as of May 31, 2023, are a credit balance of $37,751,146 owed by the Company to the customers, in its Sales Customers Only Deferred Account, and a credit balance of $28,620,066, owed by the Company to the customers, in its All Customers Deferred Account. The Commission also concludes that Piedmont actively participated in secondary market transactions, resulting in $136,639,290 net margin for the benefit of North Carolina ratepayers during the review period.[1]

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 9-11

The evidence supporting these findings of fact is contained in the testimonies of Company witnesses Miller and Breece and the testimony of Public Staff witness Johnson.

Company witness Miller testified that the Company had a debit balance of $4,662,807 in its Hedging Deferred Account at May 31, 2023. Public Staff witness Johnson testified that the net hedging costs were composed of Premiums Paid of $5,283,470, Brokerage Fees and Commissions of $25,233, and Interest expenses on the Hedging Deferred Account of $(645,896).

Company witness Breece testified that Piedmont's Hedging Plan accomplished its goal of providing an insurance policy to reduce gas cost volatility for customers in the event of a spike in gas prices. Witness Breece testified that the Company did not make any changes to its Hedging Plan during the review period. Witness Breece further testified that the Company continues to utilize storage as a physical hedge to stabilize cost, and that the Company's Equal Payment Plan, the use of the Purchased Gas Adjustment

[1] As noted on page 14 of Public Staff witness Johnson's direct testimony, this dollar amount is slightly different than the dollar amount reflected on Piedmont witness Miller's Exhibit_(LLM-1), Schedule 9, since the Company's deferred account includes estimates for the May 2023 secondary marketing transactions.

benchmark price, and deferred gas cost accounting also provide a smoothing effect on gas prices charged to customers.

Public Staff witness Johnson testified that the Public Staff's review of the Company's hedging activities is performed on an ongoing basis and includes analysis and evaluation of information contained in several documents and other data, including the monthly hedging deferred account reports, detailed source documentation, workpapers supporting the derivation of the maximum targeted hedge volumes for each month, and periodic reports on the status of hedge coverage for each month. Further, Public Staff witness Johnson testified that the Public Staff reviews periodic reports on the market values of the various financial instruments used by the Company to hedge, monthly Hedging Program Status Reports, monthly reports reconciling the Hedging Program Status Report and the hedging deferred account report. In addition, the Public Staff reviews minutes from the meetings of Piedmont's Gas Market Risk Committee (GMRC), minutes from the meetings of the Board of Directors and its committees that pertain to hedging activities, reports and correspondence from the Company's internal and external auditors, hedging plan documents, communications with Company personnel regarding key hedging events and plan modifications under consideration by the GMRC, and the testimony and exhibits of the Company's witnesses in the annual review proceeding. Based on the Public Staff investigation, witness Johnson concluded that Piedmont's hedging activities were reasonable and prudent and recommended that the $4,662,807 debit balance in the Hedging Deferred Account as of the end of the review period be transferred to the Sales Customers Only Deferred Account.

As demonstrated by the testimony and exhibits provided by Piedmont and the Public Staff, the Commission finds that Piedmont's hedging program met the objective of contributing to the mitigation of gas price volatility and avoiding rate shock to customers. The Commission concludes that Piedmont's hedging activities were reasonable and prudent and the $4,662,807 debit balance in the Hedging Deferred Account as of the end of the review period should be transferred to the Sales Customers Only Deferred Account. The combined balance for the Hedging and Sales Customers' Only Deferred Accounts is a net credit balance of $33,088,339, owed from the Company to the customers.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 12-15

The evidence supporting these findings of fact is contained in the testimonies of Company witnesses Breece and Patton and Public Staff witness Michna.

Company witness Breece testified that the Company maintains a "best cost" gas purchasing policy. This policy consists of the following five main components: price of the gas; security of the gas supply; flexibility of the gas supply; gas deliverability; and supplier relations. Witness Breece testified that all of these components are interrelated and that the Company weighs the relative importance of each of these factors in developing its overall gas supply portfolio to meet the needs of its customers.

Witness Breece further testified that the Company purchases gas supplies under a diverse portfolio of contractual arrangements with several reputable gas producers and marketers. In general, under the Company's firm gas supply contracts, Piedmont may pay negotiated reservation fees for the right to reserve and call on firm supply service up to a maximum daily contract quantity (nominated either on a monthly or daily basis), with market-based commodity prices tied to indices published in industry trade publications. Some of these firm contracts are for winter only (peaking or seasonal) service and some provide for 365-day (annual) service. Firm gas supplies are purchased for reliability and security of service. The reservation fees associated with firm gas supplies may vary with the amount of flexibility built into the contract, but daily swing service is generally more expensive than monthly baseload service.

Witness Breece testified that the Company identifies the volume and type of supply that it needs to fulfill its customer demand requirements and generally solicits requests for proposals (RFPs) from a list of suppliers that the Company continuously updates as potential suppliers enter and leave the marketplace. The RFPs may be for firm baseload or swing supply. RFPs for swing supply may be further categorized into pricing based on first of the month indices or daily market indices. Witness Breece stated that swing supplies priced at first of month indices command the highest reservation fees because suppliers incur all the price risk associated with market volatility during the delivery period and that lower reservation fees are associated with swing contracts referencing a daily market index because both buyer and seller assume the risk of daily market volatility. Witness Breece stated that after forecasting the ultimate cost delivered to the city gate for each point of supply and evaluating the cost of the reservation fees associated with each type of supply and its corresponding bid, the Company makes a "best cost" decision on which type of supply and supplier best fulfills its needs. Company witness Breece also testified regarding the current U.S. supply situation and the various pricing alternatives available, such as fixed prices, monthly market indexing, and daily spot market pricing.

Witness Breece also described how the interrelationship of the five factors of its "best cost" policy affects the Company's construction of its gas supply and capacity portfolio under its best cost policy. The long-term contracts, supplemented by long-term peaking services and storage, generally are aligned with the firm market; the short-term spot gas generally serves the interruptible market. In order to weigh and consider the five factors, the Company stays abreast of current issues facing the natural gas industry by intervening in all major FERC proceedings involving its pipeline transporters, maintaining constant contact with existing and potential suppliers, monitoring gas prices on a real-time basis, subscribing to industry literature, following supply and demand developments, and attending industry seminars. Witness Breece further testified that the Company did not make any changes in its best cost gas purchasing policies or practices during the review period.

Company witnesses Patton and Breece also indicated that during the past year the Company has taken several additional steps to manage its costs, including actively participating in proceedings at the FERC and other regulatory agencies that could reasonably be expected to affect the Company's rates and services, promoting more efficient peak day use of its system, and utilizing the flexibility within its existing supply and capacity contracts to purchase and dispatch gas, release capacity, and initiate secondary marketing sales in the most cost-effective manner. Witness Patton included a summary of the interstate natural gas pipeline proceedings in which Piedmont is currently a party before the FERC in Exhibit_(JCP-6) – Piedmont's FERC Filings Activity June 2022-May 2023.

Company witness Patton testified about the market requirements of Piedmont's North Carolina customers and the acquisition of capacity to serve those markets. Witness Patton testified that the market requirements of Piedmont's North Carolina customers continue to increase year-to-year because Piedmont's customer base in North Carolina continues to grow. Witness Patton explained how the Company incorporates projected customer growth into planning to satisfy the market requirements of its North Carolina customers.

Witness Patton further testified that the Company currently believes that it has sufficient supply and capacity rights to meet its customer needs for the upcoming 2023-2024 winter season and the subsequent four winters. Nevertheless, witness Patton testified that the Company applied a 5% reserve margin to account for statistical anomalies, unanticipated supply or capacity interruptions, *force majeure*, emergency gas usage, or colder-than-Design Day weather. Public Staff witness Michna testified that though this 5% reserve margin has historically been included in its Design Day (DD) demand calculation, the Public Staff recommends continuous review of this margin in future proceedings as Company modeling enhancements have begun to more accurately account for variations in customer usage and weather impacts.

Witness Patton also testified that capacity additions are acquired in "blocks" of additional transportation, storage, or liquefied natural gas capacity, as they become needed, to ensure Piedmont's ability to serve its customers based on the options available at that time. Witness Patton explained that as a practical matter, this means that at any given moment in time, Piedmont's actual capacity assets will vary somewhat from its forecasted demand capacity requirements. Witness Patton explained that this aspect of capacity planning is unavoidable but Piedmont attempts to mitigate the impact of any mismatch through its use of bridging services, capacity release, and off-system sales activities.

Public Staff witness Michna testified that the Public Staff reviewed the testimony and exhibits of the Company's witnesses, the monthly Deferred Gas Cost Account and operating reports, monthly financial and operating reports, the gas supply, pipeline transportation, and storage contracts, the reports filed with the Commission in Docket No. G-100, Sub 24A, as well as the Company's responses to the Public Staff's data requests. Public Staff witness Michna further testified that, although the scope of Commission Rule R1-17(k) is limited to a historical review period, the Public Staff also considered other information in order to anticipate the Company's requirements for future needs, including design day estimates, forecasted gas supply needs, projection of capacity additions and supply changes, and customer load profile changes.

Witness Michna testified that, after completing his investigation, he made the following conclusions: (1) Piedmont accurately reflected and projected its customer growth and throughput since the last annual review of gas costs proceeding; (2) based on current projections, Piedmont has sufficient supply and capacity rights to meet its customers' needs for the upcoming winder seasons; (3) Piedmont's DD calculation provides a reasonable forecast for the 2023-2024 winter period; and (4) Piedmont's gas costs were prudently incurred for the 12-month review period ending May 31, 2023.

Based on the foregoing, the Commission concludes that the Company's gas costs incurred during the review period were reasonable and prudently incurred and that the Company should be permitted to recover 100% of its prudently incurred gas costs.

**EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 16**

The evidence supporting this finding of fact is contained in the testimony of Company witness Miller and the testimony of Public Staff witness Michna.

Company witness Miller did not propose any new temporary increment or decrements in this proceeding. Witness Miller testified that the Company would continue to monitor the balances in both the Sales Customers Deferred Account and the All Customers Deferred Account and, if appropriate, would file an application for authority through the Purchased Gas Adjustment (PGA) mechanism to implement updated rates in order to keep the deferred account balances at reasonable levels.

Public Staff witness Michna testified that the Public Staff was satisfied with the Company's management of its deferred account balances through the PGA mechanism and did not recommend that the Commission impose any new increments or decrements in this proceeding.

Based on the foregoing, the Commission concludes that no new temporary increments or decrements should be implemented as a result of this proceeding. The Commission directs the Company to continue to monitor its deferred account balances and to seek authority to address those balances if appropriate.

**EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NOS. 17-18**

The evidence supporting these findings of fact is contained in the testimony and exhibits of Company witness Miller and the testimony of Public Staff witness Johnson.

Company witness Miller testified that it is appropriate for the Company to use its overall allowed rate of return on a net-of-tax basis of 6.45%, which was set in the Company's last rate case in Docket No. G-9, Sub 781, as the interest rate for the Sales Customers Only Deferred Account, the All Customers Deferred Account, the Hedging Deferred Account, the NCUC Legal Fund Account, and the deferred income tax account, beginning in January 2022.

Public Staff witness Johnson stated that the requirement regarding the current interest rate to use in the Deferred Gas Cost Accounts was established in the Commission's Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued September 29, 2016, in Docket Nos. G-9, Sub 682, E-2, Sub 1095, and E-7, Sub 1100. Witness Johnson explained that any change in the overall rate of return from a general rate case and in the federal and state tax rates should lead to changes in the interest rate. Witness Johnson testified that during the review period, Piedmont utilized an interest rate of 6.45% consistent with changes to the net-of-tax overall rate of return from its general rate case in Docket No. G-9, Sub 781. Witness Johnson agreed that it is appropriate for the Company to continue to use the 6.45% interest rate in the Deferred Gas Cost Accounts.

Based on the foregoing, the Commission concludes that the appropriate interest rate to apply to Piedmont's Deferred Gas Cost Accounts for the review period should be 6.45%. The Commission further concludes that it is appropriate for Piedmont to continue calculating interest using its overall Commission approved allowed rate of return on a net-of-tax basis in its Deferred Gas Cost Accounts, adjusted for known tax changes, and that the Company should file testimony and supporting schedules regarding its interest rate as part of its direct testimony in subsequent cost of gas proceedings.

IT IS, THEREFORE, ORDERED as follows:

1. That the Company's accounting for gas costs during the 12-month period ended May 31, 2023, is approved;

2. That the gas costs incurred by Piedmont during the 12-month period ended May 31, 2023, including the Company's hedging costs, were reasonably and prudently incurred, and Piedmont is hereby authorized to recover 100% of its gas costs incurred during the period of review;

3. That it is appropriate to apply to Piedmont's Deferred Gas Cost Accounts an interest rate of 6.45% for the review period;

4. That it is appropriate for Piedmont to continue calculating interest using its Commission approved overall allowed rate of return on a net-of-tax basis in its Deferred Gas Cost Accounts, adjusted for known tax changes;

5. That in subsequent annual review proceedings, Piedmont shall continue to file in its direct testimony an explanation and supporting schedules that enable the Public Staff and Commission to review the interest rate being applied to Piedmont's deferred accounts, including deferred income tax accounts; and

6. That Piedmont shall not implement any temporary rate changes in this docket.

ISSUED BY ORDER OF THE COMMISSION.

This the 25th day of January, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston

A. Shonta Dunston, Chief Clerk