



October 14, 2011

Ms. Renne Vance  
Chief Clerk  
North Carolina Utilities Commission  
430 North Salisbury Street, Dobbs Building  
Raleigh, NC 27603-5918

Re: Docket No. G-9, Sub 550B  
Margin Decoupling Deferred Account Adjustment

**FILED**  
**OCT 17 2011**  
Clerk's Office  
N.C. Utilities Commission

**OFFICIAL COPY**

Dear Ms. Vance:

In accordance with provisions set forth in Appendix C of the Company's Service Regulations as approved by the Commission in the above referenced docket, Piedmont Natural Gas Company files the enclosed original and 25 copies of the computation of the Margin Decoupling Deferred Account Adjustment by rate schedule for August 2011.

For billing cycles for the month of August 2011, the calculation results in an amount to be collected from residential customers of \$698,495 and an amount to be collected from commercial customers of \$113,774. The total Margin Decoupling Adjustment for August 2011 is \$812,269.

The average temperature for the August days included in these billing cycles was warmer than normal. Actual usage for this period was 223,249 dekatherms less than the projected normal. This resulted in avoided commodity costs of approximately \$948,809 for residential and commercial customers.

Please let me know if there are any questions.

Sincerely,

Jenny Furr  
Manager Regulatory Reporting

Enclosures

HM  
AG  
7 Comm  
Watson  
Moore  
Hilburn  
Sessions  
Gilmore  
Bums  
Gubler  
2 Pse CO  
2 Pse Wgal  
2 Pse ACC  
4 Pse MS

**Piedmont Natural Gas Company, Inc.**  
**Margin Decoupling Deferred Account Activity - a/c # 25332**  
**August 2011 Report**  
**Debit (Credit)**

| <u>Description</u>             | <u>Reference</u> | <u>Residential</u> | <u>Small<br/>Commercial</u> | <u>Medium General<br/>Service</u> | <u>Total</u> |
|--------------------------------|------------------|--------------------|-----------------------------|-----------------------------------|--------------|
| Beginning Balance              | Prior Mo Report  | (\$1,248,991)      | (\$3,931,796)               | \$1,190,119                       | (3,990,668)  |
| <u>Monthly Activity:</u>       |                  |                    |                             |                                   |              |
| Margin Decoupling Adjustment   | Page 2           | \$698,495          | \$35,916                    | \$77,858                          | 812,269      |
| (Increment) Decrement          | Page 3           | 134,891            | 194,644                     | (37,820)                          | 291,716      |
| Ending Balance Before Interest |                  | (415,605)          | (3,701,235)                 | 1,230,158                         | (2,886,683)  |
| Accrued Interest               | Page 4           | (5,070)            | (23,249)                    | 7,372                             | (20,947)     |
| Total Due From (To) Customers  |                  | (420,675)          | (3,724,484)                 | 1,237,530                         | (2,907,630)  |

**Piedmont Natural Gas Company, Inc.**  
**Computation of Margin Decoupling Deferred Account Adjustment**  
**Debit (Credit)**  
**August 2011 Report**

| Line No.         | Description                          | Residential Service   | Small General Service | Medium General Service | Total       |
|------------------|--------------------------------------|-----------------------|-----------------------|------------------------|-------------|
|                  |                                      | Rate Schedule No. 101 | Rate Schedule No. 102 | Rate Schedule No. 152  |             |
| 1                | Normal Degree Days /1 <i>Page 2A</i> | 0.1                   | 0.1                   | 0.1                    |             |
| 2                | Base Load /1 (th/month)              | 12.0381               | 126.3458              | 5980.4393              |             |
| 3                | Heat Sensitivity Factor /1 (th/HDD)  | 0.1468                | 0.5849                | 9.4451                 |             |
| 4                | Usage/HDD/Customer (th)              | 12.0528               | 126.4043              | 5,981.3838             |             |
| <b>RATE CASE</b> |                                      |                       |                       |                        |             |
| 5                | No. of Customers (Actual)            | 595,599               | 64,073                | 459                    |             |
| 6                | Total Normalized Usage (th)          | 7,178,623.7152        | 8,099,102.0732        | 2,745,455.1688         | 18,023,181  |
| 7                | R Factor /1 (\$/th)                  | \$0.39805             | \$0.31142             | \$0.21486              |             |
| 8                | Normalized Margin (\$)               | \$2,857,451           | \$2,522,222           | \$589,888              | \$5,969,561 |
| <b>ACTUAL</b>    |                                      |                       |                       |                        |             |
| 9                | No. of Customers (Actual)            | 595,599               | 64,073                | 459                    |             |
| 10               | Actual Usage (th)                    | 5,423,832             | 7,983,772             | 2,383,085              | 15,790,689  |
| 11               | R Factor /1 (\$/th)                  | \$0.39805             | \$0.31142             | \$0.21486              |             |
| 12               | R Factor Margin Revenues (\$)        | \$2,158,956           | \$2,486,306           | \$512,030              | \$5,157,292 |
| 13               | Margin Decoupling Adj                | \$698,495             | \$35,916              | \$77,858               | \$812,269   |

Total  
Owed To Company (Customer)

Note: /1 - Per Docket No. G-9, Sub 550, Stipulation - Exhibit D

**Piedmont Natural Gas Company, Inc.**  
**Heating Degree Days for Margin Decoupling**

|     | <b>Rate Case<br/>Normal HDD</b> | <b>Actual HDD<br/>2010-11</b> |
|-----|---------------------------------|-------------------------------|
| Nov | 296.7                           | 307.4                         |
| Dec | 529.1                           | 708.1                         |
| Jan | 730.2                           | 930.9                         |
| Feb | 754.7                           | 779.7                         |
| Mar | 491.3                           | 379.2                         |
| Apr | 300.0                           | 290.8                         |
| May | 108.1                           | 69.0                          |
| Jun | 18.5                            | 0.0                           |
| Jul | 0.7                             | 0.2                           |
| Aug | 0.1                             | 0.0                           |
| Sep | 2.8                             |                               |
| Oct | 84.5                            |                               |
|     | <b>3,316.7</b>                  | <b>3,465.3</b>                |

**Piedmont Natural Gas Company, Inc.**  
**Rate Elements For Residential, SGS and MGS Rate Classes**  
**August 2011 Report**

| Description                             |        | Residential<br>Service      | Small General<br>Service    | Medium General<br>Service   |
|---|--------|-----------------------------|-----------------------------|-----------------------------|
|   |        | Rate<br>Schedule No.<br>101 | Rate<br>Schedule No.<br>102 | Rate<br>Schedule No.<br>152 |
| <b>Facilities Charge</b>                | Winter | \$10.00                     | \$22.00                     | \$75.00                     |
|   | Summer | \$10.00                     | \$22.00                     | \$75.00                     |
| <b>Rates (\$/th)</b>                    |        |                             |                             |                             |
| 1st Block                               | Winter | \$0.97929                   | \$0.87830                   | \$0.89959                   |
| 2nd Block                               | Winter |                             |                             | \$0.88464                   |
| 1st Block                               | Summer | \$0.92298                   | \$0.84193                   | \$0.80314                   |
| 2nd Block                               | Summer |                             |                             | \$0.77253                   |
| <b>BCGC (\$/th)</b>                     |        | \$0.42500                   | \$0.42500                   | \$0.42500                   |
| <b>LUAF (\$/th)</b>                     |        | \$0.00807                   | \$0.00807                   | \$0.00807                   |
| <b>Commodity Cost Increment (\$/th)</b> | Winter | \$0.07190                   | \$0.07190                   | \$0.07190                   |
|   | Summer | \$0.07190                   | \$0.07190                   | \$0.07190                   |
| <b>Fixed Gas Costs (\$/th)</b>          |        |                             |                             |                             |
| 1st Block                               | Winter | \$0.10114                   | \$0.08629                   | \$0.06733                   |
| 2nd Block                               | Winter |                             |                             | \$0.05238                   |
| 1st Block                               | Summer | \$0.04483                   | \$0.04992                   | \$0.06744                   |
| 2nd Block                               | Summer |                             |                             | \$0.03683                   |
| <b>R Factors (\$/th)</b>                |        |                             |                             |                             |
| 1st Block                               | Winter | \$0.39805                   | \$0.31142                   | \$0.31142                   |
| 2nd Block                               | Winter |                             |                             | \$0.31142                   |
| 1st Block                               | Summer | \$0.39805                   | \$0.31142                   | \$0.21486                   |
| 2nd Block                               | Summer |                             |                             | \$0.21486                   |
| <b>Margin Decoupling Temporaries</b>    |        | -\$0.02487                  | -\$0.02438                  | \$0.01587                   |

**Piedmont Natural Gas Company, Inc.**  
**Computation of Refunds and (Collections) Through Temporaries**  
**August 2011 Report**  
**Debit (Credit)**

| <u>Item</u>   | <u>Reference</u> | <u>Residential</u> | <u>Small<br/>Commercial</u> | <u>Medium<br/>General<br/>Service</u> |
|---|------------------|--------------------|-----------------------------|---------------------------------------|
| Usage by Rate Class - therms                                      | Page 2           | 5,423,832          | 7,983,772                   | 2,383,085                             |
| Rate decrement (increment)/therm                                  | Per NCUC         | <u>\$0.02487</u>   | <u>\$0.02438</u>            | <u>(\$0.01587)</u>                    |
| Refunds (Collections)   |                  | <u>\$134,891</u>   | <u>\$194,644</u>            | <u>(\$37,820)</u>                     |
| Margin Decoupling Temporaries effective April 1, 2011 (per therm) |                  | \$0.02487          | \$0.02438                   | (\$0.01587)                           |

**Piedmont Natural Gas Company, Inc.**  
**Accrued Interest**  
**August 2011 Report**  
**Debit (Credit)**

| <u>Item</u>                                  | <u>Reference</u> | <u>Residential</u> | <u>Small<br/>Commercial</u> | <u>Medium<br/>General<br/>Service</u> |
|--|------------------|--------------------|-----------------------------|---------------------------------------|
| Beginning Balance                            | Page 1           | (\$1,248,991)      | (\$3,931,796)               | \$1,190,119                           |
| Ending Balance Before Interest               | Page 1           | (\$415,605)        | (\$3,701,235)               | \$1,230,158                           |
| Average Balance Before Interest              |                  | (832,298)          | (3,816,516)                 | 1,210,139                             |
| Monthly Interest Accrual Rate                | Per NCUC         | 0.6092%            | 0.6092%                     | 0.6092%                               |
| Current Mo JE to Margin Decoupling Def Acct. |                  | (\$5,070)          | (\$23,249)                  | \$7,372                               |