



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

July 29, 2019

Ms. Janice Fulmore, Deputy Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

Re: Docket No. G-9, Sub 743 – Piedmont Natural Gas Company, Inc.

Dear Ms. Fulmore:

On July 23, 2019, the Public Staff requested that the direct testimony and exhibits of its witness R. Tyler Allison, which were filed in this docket on July 19, 2019, be removed from the docket as a number of schedules in the exhibits contained confidential information. Enclosed herewith for filing are public and confidential versions of the testimony and exhibits of Public Staff witness R. Tyler Allison.

By copy of this letter, I am forwarding a copy of the redacted version to all parties of record by electronic delivery. The confidential version will be provided to those parties that have entered into a confidentiality agreement.

Sincerely,

/s/ Elizabeth D. Culpepper  
Staff Attorney  
[elizabeth.culpepper@psncuc.nc.gov](mailto:elizabeth.culpepper@psncuc.nc.gov)

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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-9, SUB 743

In the Matter of  
Application of Piedmont Natural Gas )  
Company, Inc., for an Adjustment of )  
Rates, Charges, and Tariffs Applicable )  
to Service in North Carolina, )  
Continuation of its IMR Mechanism, )  
Adoption of an EDIT Rider, and Other )  
Relief )

TESTIMONY OF  
R. TYLER ALLISON  
PUBLIC STAFF – NORTH  
CAROLINA UTILITIES  
COMMISSION

**PIEDMONT NATURAL GAS COMPANY, INC.  
DOCKET NO. G-9, SUB 743**

**TESTIMONY OF R. TYLER ALLISON  
ON BEHALF OF THE PUBLIC STAFF –  
NORTH CAROLINA UTILITIES COMMISSION**

**JULY 19, 2019**

1    **Q.    PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**  
2           **PRESENT POSITION.**

3    A.    My name is R. Tyler Allison. My business address is 430 North  
4           Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am a  
5           Staff Accountant with the Accounting Division of the Public Staff –  
6           North Carolina Utilities Commission (Public Staff).

7    **Q.    BRIEFLY STATE YOUR QUALIFICATIONS AND DUTIES.**

8    A.    My qualifications and duties are set forth in Appendix A.

9    **Q.    WHAT IS THE NATURE OF THE APPLICATION IN THIS RATE**  
10          **CASE?**

11   A.    Piedmont Natural Gas Company, Inc. (Piedmont or the Company),  
12          filed an application with the Commission on April 1, 2019, in Docket  
13          No. G-9, Sub 743, seeking authority to increase rates for natural gas  
14          utility service in all of its service areas in North Carolina.

1    **Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
2           **PROCEEDING?**

3    A.    The purpose of my testimony is to present the accounting and  
4           ratemaking adjustments I am recommending as a result of my  
5           investigation of certain expenses presented by Piedmont in support  
6           of its application.

7    **Q.    BRIEFLY EXPLAIN THE SCOPE OF YOUR INVESTIGATION**  
8           **REGARDING THIS RATE INCREASE APPLICATION.**

9    A.    My investigation included a review of the application, testimony,  
10          exhibits, and other data filed by the Company, an examination of the  
11          books and records for the test year, an on-site audit, and a review of  
12          the Company's accounting, end-of-period, and after-period  
13          adjustments. It also included a review of the Company's responses  
14          to the Public Staff's data requests.

15          Based on my investigation, I have made adjustments to and  
16          recommendations regarding the following expense items:

- 17                    (1)    Uncollectibles
- 18                    (2)    Advertising
- 19                    (3)    Lobbying
- 20                    (4)    Sponsorships and Donations
- 21                    (5)    Line Locates
- 22                    (6)    Inflation
- 23                    (7)    Rents
- 24                    (8)    Customer Growth

1 **UNCOLLECTIBLES EXPENSES**

2 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO UNCOLLECTIBLES**  
3 **EXPENSES.**

4 A. The Company made an adjustment to increase uncollectibles  
5 expenses by \$1,020,327 for the test period ended December 31,  
6 2018. I recommend instead that test year uncollectibles expenses be  
7 adjusted as shown in Jayasheela Exhibit I, Schedule 3-4.

8 Pursuant to its Purchased Gas Adjustment procedures, Piedmont  
9 recovers the gas cost portion of uncollectible account write-offs by  
10 charging the actual amounts to its Gas Cost Deferred Account.  
11 Therefore, the only portion of uncollectibles that should be included  
12 in operations and maintenance (O&M) expenses in a rate case  
13 proceeding is the non-gas cost, also known as "margin," portion of  
14 customer bills.

15 The Company computed its uncollectibles expense by calculating  
16 the ratio of net accounts charged off to total company NC operating  
17 revenues, and then applied this ratio to the proposed pro forma  
18 operating revenues to determine the pro forma provision for  
19 uncollectible accounts. The Company then applied a ratio of pro  
20 forma margin to the pro forma operating revenue to determine the

1 non-gas portion of pro forma uncollectible accounts expense of  
2 \$6,264,395.

3 My calculation of uncollectibles expense differs from the Company's  
4 in three ways. First, I used the NC charge offs, rather than using total  
5 company charge offs as the Company did, to calculate the new  
6 uncollectibles percentage. Second, I used a three-year average of  
7 Net NC Charge-offs and sales and transportation revenues. I used a  
8 three year average because the test year reflected a higher-than-  
9 average uncollectibles due to an usually cold winter in 2018. Third, I  
10 netted the gas cost deferrals for each year with the net NC charge-  
11 offs used to determine the ratio. The ratio of net accounts charged  
12 off to revenue that I have calculated in the current proceeding is  
13 0.4871%, as compared to the Company's ratio of 1.07405%.

14 To determine the accurate uncollectible expense I recalculated a  
15 three-year average of net NC Charge-offs less the gas cost deferral,  
16 and I used a three-year average of sales & transportation revenues.  
17 I then divided the average of net NC Charge-offs by the averaged of  
18 Sales & Transportation revenues to determine the uncollectible  
19 percentage per Public Staff.

20 When I applied my uncollectibles ratios to the sales and  
21 transportation revenues proposed by the Public Staff in this

1 proceeding, it results in a decrease in uncollectibles expense as  
2 shown in Jayasheela Exhibit I, Schedule 3-4.

3 **ADVERTISING EXPENSES**

4 **Q. PLEASE DESCRIBE HOW YOU CONDUCTED YOUR**  
5 **INVESTIGATION OF ADVERTISING EXPENSES.**

6 A. I first requested a detailed listing of all advertising expenses for the  
7 test period. From this listing, I reviewed expenses from each  
8 advertising account and also requested documentation to support  
9 the expenses. The Company allocated the advertising expenses into  
10 the following categories: Sales, Energy Efficiency, Employment  
11 Advertisements, Safety, Third Party Notifications, Billing, and  
12 Community Relations. In addition, the Company produced ads, audio  
13 recordings, video recordings, bill inserts, mailings, and/or transcripts  
14 of the advertisements.

15 I reviewed each advertisement to determine if the content was in  
16 compliance with Commission Rule R12-13 and also otherwise  
17 appropriate for inclusion as an expense recoverable from ratepayers.

18 **Q. PLEASE DESCRIBE THE DIFFERENT TYPES OF ADVERTISING**  
19 **YOU REVIEWED.**

1     A.     Image advertising is designed to enhance the image, or brand name,  
2           of a company. An example of image advertising would be an  
3           advertisement that promotes the community service of the utility or  
4           the utility's name. Image advertising also includes advertising  
5           classified for accounting purposes as institutional/goodwill  
6           advertising. Institutional/goodwill advertisements are ads placed in  
7           brochures, programs, or yearbooks for non-profit or charitable  
8           organizations such as high schools, colleges, newspapers, or  
9           churches. These advertisements have nothing to do with the actual  
10          provision of utility service to the customers, and therefore, are not a  
11          true cost of providing utility service. They should not be paid for by  
12          ratepayers.

13        Promotional advertising is designed to increase the sale of a  
14          company's product. Advertisements that encourage customers to  
15          expand their level of service or that solicit new customers are  
16          examples. This type of advertising is not a necessary cost of  
17          providing utility service, and should not be paid for by ratepayers.

18        Competitive advertising is designed to increase a company's sales  
19          by encouraging customers of other energy sources to switch to the  
20          company's product. Competitive advertising could also be used to  
21          encourage first time subscribers to select the advertised energy  
22          source over the alternative energy choices. Competitive



1 advertisements often compare the savings a customer would enjoy  
2 if appliances using one energy source were converted to appliances  
3 using the promoted energy source. The cost of this type of  
4 advertisement is also not a legitimate cost of providing utility service,  
5 and should not be paid for by ratepayers.

6 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO ADVERTISING**  
7 **EXPENSES.**

8 A. The Company included \$670,022 of advertising expenses in O&M  
9 expenses in this test period. I recommend that test year advertising  
10 expenses be adjusted as shown in Allison Exhibit II, Schedule 1.

11 I recommend that competitive, promotional, image, and some other  
12 advertising expenses be excluded from recoverable utility expenses  
13 because the advertisements are closely-aligned with shareholder  
14 interests and are not necessary for Piedmont to provide natural gas  
15 utility service. If a utility believes that it is in its best interest to pursue  
16 these types of advertising programs, the costs of these programs  
17 should be borne by the utility's shareholders.

18 The adjustment I recommend is in accordance with Commission  
19 Rule R12-13 and the Commission's treatment of advertisements in  
20 all of Piedmont's previous general rate case proceedings, including  
21 Docket No. G-9, Sub 631.

1 **LOBBYING EXPENSES**

2 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO LOBBYING**  
3 **EXPENSES.**

4 A. The Company included \$434,291 of lobbying expenses in O&M  
5 expenses in this test period. I recommend that test year lobbying  
6 expenses be adjusted as shown in Allison Exhibit I, Schedule 1.

7 The Company did not remove any lobbying expenses from its test  
8 period O&M expenses. I have adjusted O&M expenses to remove  
9 lobbying activities charged to Piedmont during the test period. In  
10 determining what costs should be removed, I applied the “but for”  
11 test for reporting lobbying costs as applied in a Formal Advisory  
12 Opinion of the State Ethics Commission, AO-L-10-001, dated  
13 February 12, 2010. The Commission recognized in its Order  
14 Granting General Rate Increase issued December 21, 2012, in  
15 Docket No. E-22, Sub 479, at pages 70-71, that lobbying included  
16 not only employees’ direct contact with legislators, but also other  
17 activities preparing for or surrounding lobbying that would not have  
18 been conducted but for the lobbying itself. In applying this test, I  
19 adjusted lobbying expenses to remove \$310,952 in O&M expenses  
20 associated with Stakeholder Strategy and Federal Government  
21 Affairs that were recorded above the line during the test period.

1 **SPONSORSHIPS AND DONATIONS**

2 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT FOR SPONSORSHIPS**  
3 **AND DONATIONS**

4 A. The Company included \$122,747 of sponsorships and donations  
5 expenses in O&M expenses in this test period. I recommend that test  
6 year advertisement expenses be adjusted as shown in Allison Exhibit  
7 I, Schedule 2.

8 I have decreased O&M expenses by \$118,345 to remove amounts  
9 charged to O&M expenses for sponsorships and donations. All of  
10 these expenses should be disallowed because they were not  
11 incurred in order to provide natural gas service to Piedmont's  
12 customers

13 **LINE LOCATES**

14 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT FOR LINE LOCATES.**

15 A. Line locate requests are requests from external parties to locate  
16 Piedmont's underground natural gas pipelines. Company witness  
17 Gaglio states, on page 16, lines 4-13, of his testimony, that due  
18 primarily to increased activity by cable, internet, and  
19 telecommunications providers, Piedmont is receiving and expects to  
20 continue to receive an increased number of locate requests, and that

1 this activity is expected to increase Piedmont's going-level annual  
2 O&M expense amount by approximately \$1.7 million.

3 Piedmont made a pro forma adjustment to increase the test year  
4 level of line locates, based on a growth rate of 17.28% that  
5 represents the change in line locate requests for only two months of  
6 2018 and two months of 2019, January and February of 2019 as  
7 compared to January and February 2018. Piedmont applied this  
8 growth factor to the test year level of outside services, representing  
9 that a majority of line located have been performed by third parties.

10 I determined that a longer period of time should be used to determine  
11 the growth in line located expense. After reviewing the Company's  
12 data, it became apparent that January and February 2018 were  
13 some of the lowest months for line locates and January and February  
14 of 2019 were some of the highest months for line locates. I  
15 determined a new growth rate of 12.11% using the change in line  
16 locate requests for 12-month period ended May 31, 2018 as  
17 compared to the 12-month period ended May 31, 2019. I believe this  
18 growth rate is much more representative level of growth than the  
19 level used by the Company. I then applied this new growth factor to  
20 the same test year level of outside services expenses as the  
21 Company. This resulted in a decrease to line locates expense of  
22 \$505,974.

1 **INFLATION**

2 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT FOR INFLATION.**

3 A. The Company made an adjustment to test period non-labor, non-fuel  
4 O&M costs to reflect an increase in O&M expenses from the test year  
5 that have not been adjusted elsewhere in the Company's filing. I  
6 made an adjustment to inflation by first adjusting the base level of  
7 O&M expenses used in the calculation to remove test year customer  
8 growth-related expense accounts that the Company had adjusted  
9 elsewhere in its application. Next, I have removed the test year  
10 expenses for additional adjustments that the Public Staff is  
11 recommending, such as advertising, lobbying, and sponsorship and  
12 donation. Lastly, I have reflected an updated inflation factor  
13 recommended to me by Public Staff witness Hinton that is applied to  
14 the remaining base level of O&M expenses. These adjustments  
15 resulted in a Public Staff inflation adjustment of (\$631,524).

16 **RENTS**

17 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT FOR RENTS.**

18 A. The Company made an adjustment to increase rents expenses by  
19 \$228,686 during the test period ended December 31, 2018. I  
20 recommend that test year rents expenses be adjusted as shown in  
21 Allison Exhibit II, Schedule 5 to reduce rents by (\$912,462).

1 Each month the Company allocates a portion of the PTC Lease and  
2 the PTC Common Area Maintenance (CAM) Lease to Duke Energy  
3 Business Services, LLC (DEBS). The Company calculated a ratio of  
4 the number of DEBS employees occupying Piedmont leased  
5 buildings to total company employees (including the DEBS  
6 employees and contingent workers, who are also referred to as  
7 contractor employees) and applied it to the PTC Lease and the PTC  
8 CAM Lease to determine the portion of lease expenses that should  
9 be allocated to DEBS.

10 During the test period, the Public Staff determined that Piedmont had  
11 not allocated the full 12 months of rents to DEBS. The Public Staff  
12 also found that the ratio included contingent workers. Based on my  
13 review of the data request responses, contingent workers include  
14 temporary consultants and contractors. Therefore, the Public Staff  
15 removed the contingent workers as a component of this ratio, and  
16 then recalculated the ratio and applied it to the PTC Lease and the  
17 PTC CAM Lease test year amounts to determine the appropriate  
18 annual amount to allocate to DEBS to determine the Piedmont NC  
19 jurisdictional rent amount for these leases.

20 **CUSTOMER GROWTH**

21 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO CUSTOMER**  
22 **GROWTH.**

1     A.     I have presented the customer growth adjustment using the same  
2           methodology as the Company but updated our adjustment for the  
3           number of end of period bills provided by the Public Staff witness  
4           Naba. My adjustment results in a decrease of (\$21,499) to the  
5           customer growth adjustment proposed by the Company.

6     **Q.     DOES THIS CONCLUDE YOUR TESTIMONY?**

7     A.     Yes, it does.

**APPENDIX A****QUALIFICATIONS AND EXPERIENCE**

R. TYLER ALLISON

I am a graduate of North Carolina State University with a Master of Accounting degree. After graduating, I accumulated more than three years of auditing experience, one year of general accounting experience, and became a Certified Public Accountant (CPA License #35859). I was employed as an auditor with a regional public accounting firm, a consultant with a national public accounting firm, and an internal auditor with a federal agency. While in public accounting, I worked with clients in a variety of industries including banking, healthcare, manufacturing, and non-profits, and assisted these clients in becoming compliant with Sarbanes-Oxley Act Section 404 controls and with other control-related audits.

I joined the Public Staff Accounting Division on October 2, 2017. Since joining the Public Staff, I have been involved with various electric, natural gas, and water utility proceedings. I have worked on several rider proceedings including the Duke Energy Carolinas (DEC) and Duke Energy Progress (DEP) demand side management and energy efficiency cost reviews, and Piedmont IMR review. In addition, I have worked on a water-utility rate case.



**Piedmont Natural Gas Company**  
Docket No. G-9, Sub 743  
**ADJUSTMENT TO LOBBYING EXPENSE**  
For the Test Year ended December 31, 2018

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Remove Test Year Stakeholder Strategy charges related to lobbying	\$144,450 [1]
2	Remove Federal Government Affairs charges related to lobbying	289,841 [1]
3	Total Public Staff adjustment to remove lobbying expenses (L1 + L2)	<u>\$434,291</u>
4	NC Allocation Percentage	71.6000% [2]
5	Public Staff adjustment to lobbying expense (L3 X L4)	<u><u>\$310,952</u></u>

[1] Based on Company response to Public Staff Data Request 84-1 i-vii, and 84-3

[2] NC allocation factor.

Piedmont Natural Gas Company  
Docket No. G-9, Sub 743  
**ADJUSTMENT FOR SPONSORSHIPS & DONATIONS**  
For the Test Year ended December 31, 2018

Line No.	Item	3 State (a)	NC Direct (b)	[2]	Total (c)	[3]
1			\$43,250	[1]	\$43,250	
2			7,500	[1]	7,500	
3		\$5,500		[2]	5,500	
4			5,000	[1]	5,000	
5			3,900	[1]	3,900	
6			3,500	[1]	3,500	
7			2,500	[1]	2,500	
8			2,500	[2]	2,500	
9			2,200	[1]	2,200	
10			3,335	[2]	3,335	
11			1,500	[1]	1,500	
12			1,500	[1]	1,500	
13			1,120	[2]	1,120	
14			1,000	[1]	1,000	
15			750	[1]	750	
16			575	[2]	575	
17			534	[2]	534	
18			500	[2]	500	
19			342	[2]	342	
20			300	[2]	300	
21			300	[1]	300	
22			250	[2]	250	
23			250	[1]	250	
24			200	[1]	200	
25			150	[2]	150	
26			45	[2]	45	
27			6,000	[2]	6,000	
28			3,770	[2]	3,770	
29			1,000	[2]	1,000	
30			2,100	[2]	2,100	
31			1,000	[2]	1,000	
32			500	[2]	500	
33			406	[2]	406	
34			270	[2]	270	
35			250	[2]	250	
36			200	[2]	200	
37			(750)	[2]	(750)	
38			(1,500)	[2]	(1,500)	
39			(2,000)	[2]	(2,000)	
40			3,000	[2]	3,000	
41		10,000		[2]	10,000	
42			10,000	[2]	10,000	
43	Total Amount Removed (Sum L 1 to L 42)	\$15,500	\$107,247		\$122,747	
44	NC Allocator %	71.60%	100%			
45	Public Staff adjustment to Sponsorship & Donations (L43 X L 44)	(\$11,098)	(\$107,247)		(\$118,345)	

[1] Per responses to Public Staff Data Request 36-2.

[2] Per review of misc expenses.

[3] Sum of columns a and b.

**Piedmont Natural Gas Company**  
Docket No. G-9, Sub 743  
**ADJUSTMENT TO LINE LOCATES**  
For The Test Year Ended December 31, 2018

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Line Locates Test Year - Outside Services	\$9,789,733 [1]
2	Public Staff Line Locates Growth Rate	12.11% [2]
3	Line Locates Increase per Public Staff (L1 x L2)	1,185,692
4	Line Locates Pro Forma Increase per Company	1,691,666 [1]
5	Public Staff Adjustment to Line Locates(L3 - L4)	(\$505,974)

[1] Per Company Filing G-1 Item 4a, 2019-04-04 File 13.xls

[2] Line Locate data for 12 months ended:

May 31, 2018	712,681
May 31, 2019	798,998
% Change	12.11%

**Piedmont Natural Gas Company**  
Docket No. G-9, Sub 743  
**ADJUSTMENT TO INFLATION EXPENSE**  
For The Test Year Ended December 31, 2018

Line No.	Item	Amount
1	Non-adjusted O&M expenses per the Company	\$206,849,014 [1]
2	Less adjusted expenses per Company filing	143,401,160 [1]
3	Total expenses subject to inflation per Company	63,447,854
	<b>Less: Additional Expenses adjusted by Company</b>	
4	Test Year Customer Growth Expenses	(17,437,444) [1]
	<b>Less: Additional Expenses adjusted by Public Staff elsewhere</b>	
5	Misc General	(355,675) [2]
6	Aviation	(826,692) [2]
7	Remove lobbying expenses	(310,952) [2]
8	Remove sponsorships and donations	(118,345) [2]
9	Remove Board of Directors Expenses	(838,281) [2]
10	Test Year Advertising Expenses	(665,990) [2]
11	Adjusted expenses not subject to inflation adjustment (Sum of L5 through L10)	(3,115,935)
12	Non-adjusted O&M expenses per the Public Staff (L3 + L4 + L11)	\$42,894,475
13	Inflation index	2.24% [3]
14	Inflation adjustment per Public Staff (L12 x L13)	960,836
15	Inflation adjustment per Company	1,592,360 [1]
16	<b>Adjustment to non-adjusted O&amp;M expenses increased for inflation (L14 - L15)</b>	<b>(\$631,524)</b>

- [1] G-1 Item 4a, Page 102. Native file 2019-04-04 File 16.xls  
[2] Revised Jayasheela Exhibit I, Schedule 3  
[3] Per Public Staff Witness Hinton

**Piedmont Natural Gas Company**  
Docket No. G-9, Sub 743  
**ADJUSTMENT TO RENTS EXPENSE**  
Test Period: 12-months ending December 31, 2018

Line	No.	Monthly Lease	[1]	Annual Lease	[1]	Allocation to Piedmont	[2]	Public Staff Annual Lease	[2]
		<b>Public Staff Lease Calculation:</b>							
1						51%			
2						51%			
3		Total	408,810		4,905,723			2,521,542	
		<b>Company Lease Calculation:</b>							
4						70%			
5						70%			
6		Total	\$408,810		\$4,905,723			\$3,434,006	
7		Difference (L3 - L6)						(\$912,464)	
8		NC 3-State Allocation						71.95%	
9		Public Staff Adjustment to NC PTC Lease and PTC CAM Lease (L7 x L8)						(\$656,518)	

[1] Per Company Filing G-1 Item 4a, 2019-04-04 File 8.xls, PTC Lease Tab.

[2] The schedule Piedmont Accounting below comes from Data Request Response 26-2.

<b>Piedmont Accounting</b>			<b>Allocation to Piedmont</b>	
005 - Contingent Workers	148			
100 - Duke Energy Carolinas, LLC	2			
110 - Duke Energy Business Services LLC	136			
330 - Piedmont Natural Gas Company Inc	136			
501 - Duke Energy Commercial Enterprises, Inc.	5			
801 - Duke Energy Progress, LLC	1			
Total Employees Per Company	428			
<b>Company Piedmont Ratio Calculation:</b>				
Contingent Workers	148			
Piedmont Workers	136			
All other Duke Workers	8			
Total Piedmont Employees Per Company	292		292/428	= 70% rounded up
005 - Contingent Workers	148			
100 - Duke Energy Carolinas, LLC	2			
110 - Duke Energy Business Services LLC	136			
330 - Piedmont Natural Gas Company Inc	136			
501 - Duke Energy Commercial Enterprises, Inc.	5			
801 - Duke Energy Progress, LLC	1			
Total Employees Per Company	428			
<b>Public Staff Piedmont Ratio Calculation:</b>				
Piedmont Employees	136			
All other Duke Workers	8			
DEBS Employees	136			
Total Piedmont Employees Per Public Staff	280		144/280	= 51%
100 - Duke Energy Carolinas, LLC	2			
330 - Piedmont Natural Gas Company Inc	136			
501 - Duke Energy Commercial Enterprises, Inc.	5			
801 - Duke Energy Progress, LLC	1			
Total Employees Per Public Staff	144			



**Piedmont Natural Gas Company**  
Docket No. G-9, Sub 743  
**ADJUSTMENT TO CUSTOMER RELATED EXPENSES**  
For The Test Year Ended December 31, 2018

<u>Line No.</u>	<u>Item</u>	<u>Amounts</u>
	<b><u>Change in number of bills:</u></b>	
1	Public Staff end of period bills at May 31, 2019	8,970,570 [1]
2	Pro forma end of period customer bills per Company	8,981,458 [2]
3	Change in number of bills per Public Staff (L1 - L2)	(10,888)
4	Customer growth expenses per bill	\$1.97 [3]
5	Public Staff Adjustment to customer growth expenses (L 3 X L 4)	<u>(\$21,499)</u>

[1] Per Public Staff Engineer Naba

[2] G-1 Item 4a, Page 82. Native file 2019-04-04 File 12.xls

[3] Customer Accounts & Service Expense per Item 4, Adjustment  
divided by number of customer bills at end of test period

Piedmont Natural Gas Company, Inc.  
Docket No. G-9, Sub 743  
**SUMMARY OF PUBLIC STAFF ADVERTISING ADJUSTMENTS**  
For the Test Year Ended December 31, 2018

Allison Exhibit II  
Schedule 1

Line No.	Item	Amount Per Company				Public Staff Adjustments				After Public Staff Adjustments			
		Acct 909 [1]	Acct 913 [2]	Other [3]	Total	Acct 909	Acct 913 [2]	Other	Total	Acct 909	Acct 913	Other	Total
		(a)	(b)		(c)	(d)	(e)		(f)	(g)	(h)		(i)
1	Newspaper and Magazine	\$62,016	\$0	\$36,545	\$98,561	\$0	\$0	(\$9,080)	(\$9,080)	\$62,016	\$0	\$27,465	\$89,481
2	TV & Radio	\$0	\$143,285	\$12,783	\$156,068 [5]	\$0	(\$143,219)	(\$8,601)	(\$151,820)	\$0	\$66	\$4,182	\$4,248
3	Outdoor Advertising	\$0	\$32,102	\$716	\$32,818	\$0	(\$32,102)	(\$716)	(\$32,818)	\$0	\$0	\$0	\$0
4	Direct Mail	\$25,545	\$132,498	\$157	\$158,200	(\$3,622)	\$0	(\$7)	(\$3,629)	\$21,924	\$132,498	\$150	\$154,572
5	Sales Promotions	\$0	\$0	\$29,929	\$29,929 [4]	\$0	\$0	(\$27,105)	(\$27,105)	\$0	\$0	\$2,824	\$2,824
6	Bill Insert	\$20,842	\$105,925	\$23,537	\$150,304	(\$12,417)	(\$31,077)	(\$5,510)	(\$49,004)	\$8,426	\$74,847	\$18,027	\$101,300
7	Social Media	\$6,888	\$32,571	\$4,684	\$44,143 [5]	(\$4,955)	(\$13,028)	(\$4,479)	(\$22,462)	\$1,933	\$19,543	\$205	\$21,681
8	Total	\$115,291	\$446,381	\$108,350	\$670,023	(\$20,993)	(\$219,426)	(\$55,498)	(\$295,918)	\$94,298	\$226,954	\$52,852	\$374,105

[1] Data Request Response 54-4 Attachment File

[2] Type of advertisement determined using Commission Rule R12-12.

[3] Amount allowed following Commission Rules R12-12 and R12-13.

[4] Data Request Response 54-2, corrected formula error increased by \$4,032.

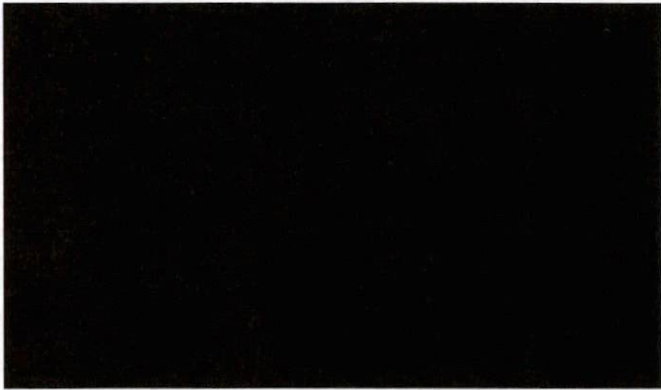

[5] Reclassified \$2,388 from social media to radio.

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Jul 29 2019

Allison Exhibit II  
Schedule 1-1

**Piedmont Natural Gas Company, Inc.**  
Docket No. G-9, Sub 743  
**ADVERTISING ADJUSTMENTS - NEWSPAPER**  
For the Test Year Ended December 31, 2018

Line No.	Advertisement per Company	Amount Per Company [1] (a)	Type of Ad [2] (b)	Account [1]	Amount Per Public Staff [3] (c)	Public Staff Adjustment (d)
1		\$6,226	Promo/Image		\$0 [4]	\$6,226 [4]
2		\$2,855	Promo/Image		\$0 [4]	\$2,855 [4]
3		\$4,896	Safety		\$4,896	\$0
4		\$4,896	Safety		\$4,896	\$0
5		\$2,448	Safety		\$2,448	\$0
6		\$2,448	Safety		\$2,448	\$0
7		\$2,409	Safety		\$2,409	\$0
8		\$2,409	Safety		\$2,409	\$0
9		\$1,204	Safety		\$1,204	\$0
10		\$20,161	Safety		\$20,161	\$0
11		\$20,135	Safety		\$20,135	\$0
12		\$10,261	Safety		\$10,261	\$0
13		\$10,125	Safety		\$10,125	\$0
14		\$8,091	Safety		\$8,091	\$0
15	Total Newspaper & Magazine	<u>\$98,561</u>			<u>\$89,481</u>	<u>\$9,080</u>

[1] Data Request Response 54-4 Attachment File

[2] Type of advertisement determined using Commission Rule R12-12.

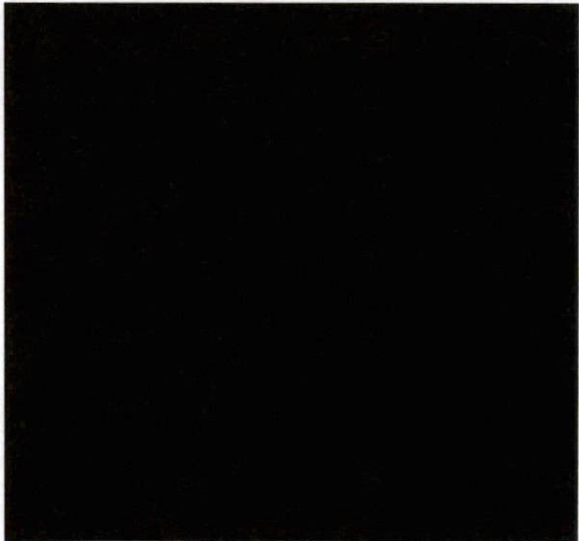

[3] Amount allowed following Commission Rules R12-12 and R12-13.

[4] Earth Day Advertisement excluded.



Allison Exhibit II  
Schedule 1-2


**Piedmont Natural Gas Company, Inc.**  
Docket No. G-9, Sub 743  
**ADVERTISING ADJUSTMENTS - TV & RADIO**  
For the Test Year Ended December 31, 2018

Line No.	Advertisement	Radio/TV [1]	Amount Per Company [1] (a)	Type of Ad [2] (b)	Account [1]	Amount Per Public Staff [3] (c)	Public Staff Adjustment [3] (d)
1		Radio	\$49,225	Promotional & Competetive		\$0	\$49,225
2		Radio	\$46,093	Promotional & Competetive		\$0	\$46,093
3		Radio	\$4,923	Promotional & Competetive		\$0	\$4,923
4		Radio	\$11,869	Promotional & Competetive		\$0	\$11,869
5		Radio	\$11,869	Promotional & Competetive		\$0	\$11,869
6		Radio	\$7,217	Promotional & Competetive		\$0	\$7,217
7		Radio	\$7,217	Promotional & Competetive		\$0	\$7,217
8		Radio	\$2,363	Charitable Contribution		\$0 [4]	\$2,363 [5]
9		Radio	\$2,081	Promotional		\$0	\$2,081
10		Radio	\$2,081	Promotional		\$0	\$2,081
11		Radio	\$2,388	image/charitable [6]		\$0 [4]	\$2,388 [5]
12		Radio	\$1,718	image		\$0 [4]	\$1,718 [5]
13		TV	\$2,132	promo		\$0 [7]	\$2,132
14		TV	\$644	unknown		\$0 [7]	\$644
15		TV	\$7	Immaterial/Not Provided [7]		\$7	\$0
16		TV	\$59	Immaterial/Not Provided [7]		\$59	\$0
17		TV	\$1,071	Immaterial/Not Provided [7]		\$1,071	\$0
18		TV	\$147	Immaterial/Not Provided [7]		\$147	\$0
19		TV	\$6	Immaterial/Not Provided [7]		\$6	\$0
20		TV	\$1,702	Immaterial/Not Provided [7]		\$1,702	\$0
21		TV	\$233	Immaterial/Not Provided [7]		\$233	\$0
22		TV	\$171	Immaterial/Not Provided [7]		\$171	\$0
23		TV	\$542	Immaterial/Not Provided [7]		\$542	\$0
24		TV	\$76	Immaterial/Not Provided [7]		\$76	\$0
25		TV	\$39	Immaterial/Not Provided [7]		\$39	\$0
26		TV	\$193	Immaterial/Not Provided [7]		\$193	\$0
27	Total TV & Radio		\$156,068			\$4,248	\$151,820

- [1] Data Request Response 54-4 Attachment File  
 [2] Type of advertisement determined using Commission Rule R12-12.  
 [3] Amount allowed following Commission Rules R12-12 and R12-13.  
 [4] Share the warmth considered a charitable contribution and not allowable  
 [5] Allocated to Piedmont from the Service Company.  
 [6] Reclassed from social media to radio per Public Staff  
 [7] These accounts are to be excluded per company

Allison Exhibit II  
Schedule 1-3

Piedmont Natural Gas Company, Inc.  
Docket No. G-9, Sub 743  
**ADVERTISING ADJUSTMENTS - OUTDOOR ADVERTISING**  
For the Test Year Ended December 31, 2018

Line No.	Advertisement	Amount Per Company [1] (a)	Type of Ad [2] (b)	Account [1]	Amount Per Public Staff [3] (c)	Public Staff Adjustment (d)
1		\$12,770	Promotional/Image		\$0	\$12,770
2		\$4,296	Promotional/Image		\$0	\$4,296
3		\$716	Promotional/Image		\$0	\$716
4		\$716	Promotional/Image		\$0	\$716
5		\$716	Promotional/Image		\$0	\$716
6		\$716	Promotional/Image		\$0	\$716
7		\$716	Promotional/Image		\$0	\$716
8		\$716	Promotional/Image		\$0	\$716
9		\$716	Promotional/Image		\$0	\$716
10		\$716	Promotional/Image		\$0	\$716
11		\$716	Promotional/Image		\$0	\$716
12		\$716	Promotional/Image		\$0	\$716
13		\$716	Promotional/Image		\$0	\$716
14		\$716	Promotional/Image		\$0	\$716
15		\$716	Promotional/Image		\$0	\$716
16		\$716	Promotional/Image		\$0	\$716
17		\$716	Promotional/Image		\$0	\$716
18		\$716	Promotional/Image		\$0	\$716
19		\$716	Promotional/Image		\$0	\$716
20		\$716	Promotional/Image		\$0	\$716
21		\$716	Promotional/Image		\$0	\$716
22		\$716	Promotional/Image		\$0	\$716
23		\$716	Promotional/Image		\$0	\$716
24		\$716	Promotional/Image		\$0	\$716
25	Total Outdoor	\$32,818			\$0	\$32,818

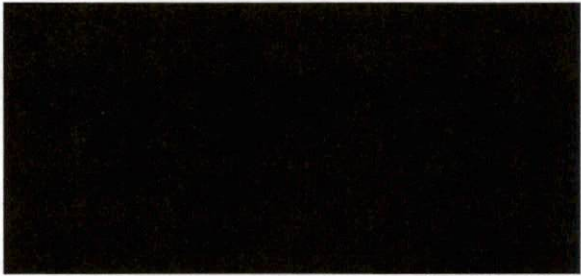

[1] Data Request Response 54-4 Attachment File

[2] Type of advertisement determined using Commission Rule R12-12.

[3] Amount allowed following Commission Rules R12-12 and R12-13.

Allison Exhibit II  
Schedule 1-4

Piedmont Natural Gas Company, Inc.  
Docket No. G-9, Sub 743  
**ADVERTISING ADJUSTMENTS - DIRECT MAIL**  
For the Test Year Ended December 31, 2018

Line No.	Advertisement	Amount Per Company [1] (a)	Type of Ad [2] (b)	Account [1]	Amount Per Public Staff [3] (c)	Public Staff Adjustment [4] (d)
1		\$100	informational		\$100	\$0
2		\$43	informational		\$43	\$0
3		\$132,498	Safety		\$132,498	\$0
4		\$9,336	Safety		\$9,336	\$0
5		\$7,390	sales/informational		\$5,543 [4]	\$1,848 [4]
6		\$7,097	sales/informational		\$5,323 [4]	\$1,774 [4]
7		\$1,622	informational		\$1,622	\$0
8		\$75	informational		\$75	\$0
9		\$25	informational		\$25	\$0
10		\$1	informational		\$1	\$1
11		\$12	informational		\$6	\$6
12	Total Direct Mail	<u>\$158,200</u>			<u>\$154,572</u>	<u>\$3,629</u>

[1] Data Request Response 54-4 Attachment File

[2] Type of advertisement determined using Commission Rule R12-12.

[3] Amount allowed following Commission Rules R12-12 and R12-13.

[4] Per Data Request Response 54-4, removed the sales component.

Allison Exhibit II  
Schedule 1-5

**Piedmont Natural Gas Company, Inc.**  
Docket No. G-9, Sub 743  
**ADVERTISING ADJUSTMENTS - SALES PROMOTIONS**  
For the Test Year Ended December 31, 2018

Line No.	Advertisement	Amount Per Company [1] (a)	Type of Ad [2] (b)	Account [3]	Amount Per Public Staff [3] (c)	Public Staff Adjustment [3] (d)
1		\$11,126	Sales/Promotional		\$0	\$11,126
2		\$2,542	Sales/Promotional		\$0	\$2,542
3		\$1,938	Sales/Promotional		\$0	\$1,938
4		\$1,373	Sales/Promotional		\$0	\$1,373
5		\$1,308	Safety		\$1,308	\$0
6		\$1,299	Sales/Promotional		\$0	\$1,299
7		\$1,247	Safety		\$1,247	\$0
8		\$1,200	Sales/Promotional		\$0	\$1,200
9		\$1,068	Sales/Promotional		\$0	\$1,068
10		\$1,020	Sales/Promotional		\$0	\$1,020
11		\$700	Sales/Promotional		\$0	\$700
12		\$380	Sales/Promotional		\$0	\$380
13		\$358	Scholarship		\$0 [5]	\$358
14		\$68	Promotional		\$0	\$68
15		\$2	Immaterial/Not Provided [6]		\$2	\$0
16		\$59	Immaterial/Not Provided [6]		\$59	\$0
17		\$2	Immaterial/Not Provided [6]		\$2	\$0
18		\$7	Immaterial/Not Provided [6]		\$7	\$0
19		\$3	Immaterial/Not Provided [6]		\$3	\$0
20		\$0	Immaterial/Not Provided [6]		\$0	\$0
21		\$2	Immaterial/Not Provided [6]		\$2	\$0
22		\$71	Immaterial/Not Provided [6]		\$71	\$0
23		\$21	Immaterial/Not Provided [6]		\$21	\$0
24		\$41	Immaterial/Not Provided [6]		\$41	\$0
25		\$4	Immaterial/Not Provided [6]		\$4	\$0
26		\$3	Immaterial/Not Provided [6]		\$3	\$0
27		\$2	Immaterial/Not Provided [6]		\$2	\$0
28		\$50	Immaterial/Not Provided [6]		\$50	\$0
29		\$2	Immaterial/Not Provided [6]		\$2	\$0
30	Adjustment from Item 12 [4]	\$4,032	N/A	N/A	\$0	\$4,032
30	Total Sales Promotions	<u>\$29,929</u>			<u>\$2,824</u>	<u>\$27,105</u>

[1] Data Request Response 54-4 Attachment File

[2] Type of advertisement determined using Commission Rule R12-12.

[3] Amount allowed following Commission Rules R12-12 and R12-13.

[4] Data Request Response 54-2, corrected formula error increased by \$4,032.

[5] Scholarship considered charitable contribution, and not allowable.

[6] Allocated to Piedmont from the Service Company.



Allison Exhibit II  
Schedule 1-6

**Piedmont Natural Gas Company, Inc.**  
Docket No. G-9, Sub 743  
**ADVERTISING ADJUSTMENTS - Bill Inserts**  
For the Test Year Ended December 31, 2018

Line No.	Advertisement	Amount Per Company [1] (a)	Type of Ad [2] (b)	Account	Amount Per Public Staff [3] (c)	Public Staff Adjustment (d)
1		\$16,039	Sales /Energy Efficiency		\$10,693 [4]	\$5,346
2		\$11,814	Sales/Energy Efficiency		\$7,876 [4]	\$3,938
3		\$1,199	Safety		\$1,199	\$0
4		\$945	Safety		\$945	\$0
5		\$17,384	Sales/Safety		\$12,039 [4]	\$5,346
6		\$5,988	Safety		\$5,988	\$0
7		\$262	Safety		\$262	\$0
8		\$25	Promotional / Merchandising		\$0	\$25
9		\$140	Safety		\$140	\$0
10		\$140	Promotional		\$0	\$140
11		\$140	Promotional		\$0	\$140
12		\$150	Sales		\$75 [4]	\$75
13		\$75	Sales/EE		\$38 [4]	\$38
14		\$25	Promotional		\$0	\$25
15		\$20,312	Sales/Safety/Other Juris		\$8,313 [4]	\$12,000
16		\$41,945	Sales/Safety/Billing		\$36,572 [4]	\$5,373
17		\$16,535	Sales/Safety		\$11,188 [4]	\$5,346
18		\$16,907	Sales/Safety		\$5,974 [4]	\$10,933
19		\$140	Promotional		\$0	\$140
20		\$140	Promotional		\$0	\$140
21		\$1	Promotional		\$1	\$0
22	Total Bill Insert	\$150,306			\$101,301	\$49,004

[1] Data Request Response 54-4 Attachment File



[2] Type of advertisement determined using Commission Rule R12-12.

[3] Amount allowed following Commission Rules R12-12 and R12-13.

[4] Per Data Request Response 54-4, removed the sales component.

Allison Exhibit II  
Schedule 1-7

Piedmont Natural Gas Company, Inc.  
Docket No. G-5, Sub 743  
**ADVERTISING ADJUSTMENTS -SOCIAL MEDIA / OTHER**  
For the Test Year Ended December 31, 2018

Line No.	Advertisement	Amount Per Company [1] (a)	Type of Ad [2] (b)	Account [1]	Amount Per Public Staff [3] (c)	Public Staff Adjustment [4] (d)
1		\$18	Sales		\$11 [4]	\$7
2		\$31,017	Sales/Promo/Image		\$18,610 [4]	\$12,407
3		\$4,454	Sales/Promo/Image		\$0	\$4,454
4		\$4,454	Sales/Promo/Image		\$0	\$4,454
6		\$1,933	Safety		\$1,933	\$0
7		\$25	Sales/Promo/Image		\$0	\$25
8		\$476	Sales/Promo/Image		\$0	\$476
9		\$25	Sales/Promo/Image		\$0	\$25
10		\$1,536	Sales/Promo/Image		\$921 [4]	\$614
11		\$125	not provided-immaterial		\$125	\$0
12	N/A	\$1	not provided-immaterial		\$1	\$0
13		\$78	not provided-immaterial		\$78	\$0
14	Total Social Media	\$44,143			\$21,681	\$22,462

[1] Data Request Response 54-4 Attachment File

[2] Type of advertisement determined using Commission Rule R12-12.

[3] Amount allowed following Commission Rules R12-12 and R12-13.

[4] Column (a) x 60%. 18 out of the 30 digital image advertisements are related to the NOW campaign and were allowable.