

October 18, 2016

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VIA ELECTRONIC FILING

Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street, Dobbs Building
Raleigh, North Carolina 27603

Re: E-2, Sub 1095, E-7, Sub 1100 & G-9, Sub 682

Chief Clerk:

Pursuant to Article 23 of the *Agreement and Stipulation of Settlement Between the Applicants and the Public Staff* and Ordering Paragraph 4 of the *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct*, Piedmont Natural Gas Company, Inc. ("Piedmont") is required to provide a one-time bill credit to its North Carolina customers in the amount of \$10 million on or before December 31, 2016. A schedule setting forth the calculation of this bill credit is attached hereto. Piedmont hereby provides notice that it intends to initiate this bill credit during its November 2016 bill cycle.

Piedmont requests no Commission action concerning this matter. This filing is for informational purposes only. If you have any questions regarding this filing, you may reach me at the number shown above.

Sincerely,

/s/ James H. Jeffries IV
James H. Jeffries IV

JHJ/rkg

Enclosure

cc: Bruce Barkley
Pia Powers
Brian Franklin
Beth Culpepper

Charlotte, NC
Research Triangle Park, NC
Charleston, SC

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SCHEDULE A

Piedmont Natural Gas Company, Inc.
State of North Carolina
Merger Bill Credit - Computation of Bill Credit Rate
Docket Nos. E-2, Sub 1095, E-7, Sub 1100 and G-9, Sub 682

Schedule A
Page 1 of 3

Bill Credit Amount (\$): (10,000,000)
 Adjustment for Rate Schedule 142 (\$) ¹: (6,005)
 Total Amount for Bill Credit Calculation (\$) ³: (10,006,005)

Line No.		12mths Ended Sept 2016 Volumes (dts)	Apportionment Percentage (%) ²	Bill Credit Apportionment Amount (\$) ³	Bill Credit Rate (\$/dt)	Bill Credit Rate (\$/therm)
1	101 - Residential Service	29,520,458.0	64.640%	(6,467,881)	(0.2191)	(0.02191)
2	102 - Small General Service	22,190,360.9	25.640%	(2,565,540)	(0.1156)	(0.01156)
3	142 - Natural Gas Vehicle Fuel ¹	88,242.9	0.060%	-	-	-
4	152 - Medium General Service	4,841,951.6	3.730%	(373,224)	(0.0771)	(0.00771)
5	103 - Firm Large General Sales Service	2,259,282.2	0.230%	(23,014)	(0.0102)	(0.00102)
6	113 - Firm Large General Transportation Service	30,370,701.5	2.220%	(222,133)	(0.0073)	(0.00073)
7	T-10 - Military Operations Transportation	1,215,176.2	0.220%	(22,013)	(0.0181)	(0.00181)
8	104 - Interruptible Sales Service	728,317.2	0.105%	(10,506)	(0.0144)	(0.00144)
9	114 - Interruptible Transportation Service	29,060,400.1	3.155%	(315,689)	(0.0109)	(0.00109)
10	Total	120,274,890.6	100.00%	(10,000,000)		

1/ The apportioned bill credit amount for Rate Schedule 142 has been allocated to the other rate schedules, due to the infeasibility of rendering a bill credit to this group of customers.

2/ See Schedule A, Page 3.

3/ The Apportionment Percentage multiplied by the Total Amount for Bill Credit Calculation yields the Bill Credit Apportionment Amount by Rate Schedule.

Piedmont Natural Gas Company, Inc.
State of North Carolina
Merger Bill Credit - Computation of Bill Credit Rate
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Schedule A
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Bill Credit Rates, by Step

	Bill Credit Rate (\$/therm)
101 - Residential Service	(0.02191)
102 - Small General Service	(0.01156)
152 - Medium General Service	
First 5,000	(0.00771)
Over 5,000	(0.00771)
103 - Firm Large General Sales Service	
First 15,000	(0.00102)
Next 30,000	(0.00102)
Next 90,000	(0.00102)
Next 165,000	(0.00102)
Next 300,000	(0.00102)
Next 600,000	(0.00102)
113 - Firm Large General Transportation Service	
First 15,000	(0.00073)
Next 30,000	(0.00073)
Next 90,000	(0.00073)
Next 165,000	(0.00073)
Next 300,000	(0.00073)
Next 600,000	(0.00073)
104 - Interruptible Sales Service	
First 15,000	(0.00144)
Next 30,000	(0.00144)
Next 90,000	(0.00144)
Next 165,000	(0.00144)
Next 300,000	(0.00144)
Next 600,000	(0.00144)
114 - Interruptible Transportation Service	
First 15,000	(0.00109)
Next 30,000	(0.00109)
Next 90,000	(0.00109)
Next 165,000	(0.00109)
Next 300,000	(0.00109)
Next 600,000	(0.00109)
T-10 - Military Operations Transportation	(0.00181)

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Allocation Factors from Piedmont's Integrity Management Rider

Based on Margin Apportionment Established in the Relevant Rate Order in Docket No. G-9, Sub 631

Residential	Rate Schedule 101	64.64%
Commercial	Rate Schedules 102, 142, 152	29.43%
Large General - Firm	Rate Schedules 103, 113, T-10, T-12, 12	2.67%
Large General - Interruptible	Rate Schedules 104, 114	3.26%
Total		<u>100.00%</u>

Breakdown of Allocation Factors from Piedmont's Integrity Management Rider, by Rate Schedule

	Annual Total ¹	Allocation %
Residential (101)	\$245,499,050	64.640%
<i>Sub-Total Residential</i>	<i>\$245,499,050</i>	<i>64.640%</i>
Commercial (102)	\$97,368,260	25.640%
Commercial (152)	\$14,184,281	3.730%
Commercial NGV (142)	\$237,101	0.060%
<i>Sub-Total Commerical</i>	<i>\$111,789,642</i>	<i>29.430%</i>
Large General Service - Firm (103)	\$860,953	0.230%
Large General Service - Firm (113)	\$8,434,419	2.220%
Large General Service - Firm (T-10)	\$827,934	0.220%
Large General Service - Firm (T-12)	\$0	0.000%
Large General Service - Firm (12)	\$0	0.000%
<i>Sub-Total Large General - Firm</i>	<i>\$10,123,306</i>	<i>2.670%</i>
Large General Service - Interruptible (104)	\$398,960	0.105%
Large General Service - Interruptible (114)	\$11,983,731	3.155%
<i>Sub-Total Large General - Interruptible</i>	<i>\$12,382,691</i>	<i>3.260%</i>
Total	<u>\$379,794,689</u>	<u>100.000%</u>

1/ Annual margin revenues as reflected in Docket No. G-9, Sub 631, Stipulation dated 10/4/2013, Exhibit K - Rate Elements.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached is being served this date upon all of the parties to this docket electronically or by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, at the addresses contained in the official service list in this proceeding.

This the 18th day of October, 2016.

/s/ Richard K. Goley
Richard K. Goley