



State of North Carolina
Utilities Commission

Post Office Box 29510
Raleigh, N. C. 27626-0510

COMMISSIONERS
JO ANNE SANFORD, Chair
ALLYSON K. DUNCAN
RALPH A. HUNT

COMMISSIONERS
JUDY HUNT
WILLIAM R. PITTMAN
J. RICHARD CONDER
ROBERT V. OWENS, JR.

March 24, 1998

TO: Jo Anne Sanford, Chair
Commissioner Allyson K. Duncan
Commissioner Ralph A. Hunt
Commissioner Judy Hunt
Commissioner William R. Pittman
Commissioner J. Richard Conder
Commissioner Robert V. Owens, Jr.

FROM: Donald R. Hoover
Operations Director

A handwritten signature in black ink, appearing to read "Donald R. Hoover", written over a horizontal line.

It has come to my attention that Page 19 of the *Quarterly Review* for the calendar quarter ending September 30, 1997, provided to you by memorandum dated March 5, 1998, contains an error which needs to be corrected. The report, on Page 19, Line 37, incorrectly identifies Piedmont Natural Gas Company, Inc.'s (Piedmont's) cost of common equity capital last determined by the Commission to be 10.10%. That cost rate, in fact, is the overall rate of return last established by the Commission for Piedmont. The Company's last filing for a general rate increase was settled by the parties, and the stipulation filed with the Commission did not disclose the cost of common equity capital. Such cost rate is, therefore, not available.

Attached is a revised Page 19, which incorporates the foregoing correction.

We regret the inconvenience created by this oversight.

DRH/ga

Attachments (2)

cc: See distribution list attached

PIEDMONT NATURAL GAS COMPANY, INC.
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Retail Jurisdiction
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1987 (b)	September 1988 (c)	September 1989 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$193,809	\$172,468	\$134,998	\$140,935	\$131,121	10.26%	12.37%
3.	Commercial	105,511	98,410	72,177	88,118	84,367	5.75%	9.44%
4.	Industrial	94,056	96,475	50,434	86,899	103,194	-2.29%	-2.51%
5.	Public Authorities	3,413	2,876	2,558	2,996	2,991	3.35%	18.67%
6.	Resale	0	2,216	3,110	4	0	N/A	-100.00%
7.	Other	64,960	27,104	27,115	11,756	5,112	88.81%	139.67%
8.	Total Operating Revenue	461,749	397,549	280,392	330,708	326,785	9.03%	16.15%
9.	Cost of Gas	279,915	231,763	140,872	197,103	200,714	8.67%	20.78%
10.	Margin	181,834	165,786	149,520	133,605	126,071	9.59%	9.68%
11.	O & M Expenses	71,043	69,164	65,150	61,478	56,777	5.76%	2.72%
12.	Other Deductions	61,507	55,181	46,548	40,104	38,888	12.14%	11.46%
13.	Operating Income	\$49,284	\$41,441	\$37,822	\$32,023	\$30,408	12.83%	18.93%
14.	Net Plant Investment	\$449,283	\$415,623	\$387,801	\$345,206	\$314,260	9.35%	8.10%
15.	Oper. Exp. as a % of Total Revenue	76.01%	75.70%	70.95%	78.19%	78.80%	-0.90%	0.41%
16.	Net Plt. Investment per \$ of Revenue	\$0.97	\$1.05	\$1.34	\$1.04	\$0.96	0.26%	-7.62%
17.	Gas Delivered in DTs:							
18.	Residential	23,012	25,462	19,926	20,974	20,279	3.21%	-9.62%
19.	Commercial	15,398	16,827	12,899	15,612	15,743	-0.55%	-8.49%
20.	Industrial	20,177	23,490	14,516	22,438	27,297	-7.28%	-14.10%
21.	Public Authorities	482	509	475	532	554	-3.42%	-5.30%
22.	Resale	0	448	1,456	1	0	N/A	-100.00%
23.	Other	37,393	17,930	24,105	10,870	4,201	72.73%	108.55%
24.	Total DTs	96,462	84,666	73,377	70,427	68,074	9.10%	13.93%
25.	Number of Customers:							
26.	Residential	296	274	264	248	229	6.63%	8.03%
27.	Commercial	36	34	33	32	30	4.66%	5.88%
28.	Industrial	2	2	2	1	1	18.92%	0.00%
29.	Public Authorities	6	6	5	6	7	-3.78%	0.00%
30.	Resale	0	0	0	0	0	N/A	N/A
31.	Other	0	0	0	0	0	N/A	N/A
32.	Total Number of Customers	340	318	304	287	287	6.23%	7.59%
33.	Estimated Overall Rate of Return	10.79%	10.13%	9.64%	8.54%	9.57%	3.05%	6.52%
34.	Estimated Return on Common Equity	13.50%	11.89%	11.23%	12.52%	12.60%	1.74%	13.54%
35.	Common Equity Ratio	50.32%	51.52%	50.07%	49.17%	55.03%	-2.21%	-2.33%
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.67	3.47	3.27	3.23	3.40	1.93%	5.76%
37.	LAST RATE CASE	Authorized Return on Common Equity: N/A Equity Ratio: N/A Date of Order 10-23-96						

Notes: [1] North Carolina retail jurisdictional revenue equates to 60% of total company gas utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: Shareholders' reports and the NCUC GS-1 Reports except for data in Italics [Lines 33 - 36, Columns (e) - (f)] which is from past Commission Surveillance Reports.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

Quarterly Review Distribution List

Commission Staff

Don Hoover (11 copies)
 Bob Bennink (6 copies)
 Bob Matula (3 copies)

Public Staff

Robert Gruber,
 Executive Director (1 copy)
 Antoinette Wike (2 copies)
 Bill Carter (3 copies)
 Gene Clemmons (1 copy)
 Gene Curtis (1 copy)
 Tom Farmer (3 copies)
 Dennis Nightingale (1 copy)
 Andy Lee (1 copy)
 Dorothy Davis (1 copy)

Attorney General's Office

Karen Long (2 copies)

Others

Dwight Allen
 Carolina Telephone
 14111 Capital Boulevard
 Wake Forest, North Carolina 27587-5900

Linda Cheatham
 BellSouth
 128 W. Hargett Street
 Raleigh, North Carolina 27601

Ken Stonebraker
 Nantahala Power and Light Company
 P.O. Box 260
 Franklin, North Carolina 28734

Jerry Weikle
 Concord Telephone Company
 P.O. Box 227
 Concord, North Carolina 28026-0227

William McAulay
 Public Service
 P.O. Box 1349
 Raleigh, North Carolina 27602-1349

Candace Paton
 Duke Power Company
 422 S. Church Street
 Charlotte, North Carolina 28242

Others (continued)

William O. Butler
 MEBTEL Communications
 P.O. Box 9
 Mebane, North Carolina 27302

Roy M. Tucker, Jr.
 North State Telephone Company
 P.O. Box 2326
 High Point, North Carolina 27261

Darell Mennenga
 ALLTEL Telephone Corporation
 One Allied Drive
 Little Rock, Arkansas 72202

Terry Desmond
 GTE Telephone Operations
 P.O. Box 1412
 Durham, North Carolina 27702

Jerry Roberts
 CUCA
 Suite 295, Carolina Place
 2626 Glenwood Avenue
 Raleigh, North Carolina 27608

Richard Reese, President
 Lexington Telephone Company
 P.O. Box 808
 Lexington, North Carolina 27292

Roger Burge
 BellSouth
 P.O. Box 30188
 Charlotte, North Carolina 28230

Bob Wells
 North Carolina Telephone Alliance
 Suite 2700 - 27th Floor
 First Union Building
 Raleigh, North Carolina 27601

Ralph McDonald
 Bailey & Dixon
 P.O. Box 1351
 Raleigh, North Carolina 27602

Johnny Bailey
 North Carolina Department of Revenue
 Ad Valorem Tax Division
 501 N. Wilmington Street
 Raleigh, North Carolina 27640

Others (continued)

Donald F. Harrow
 Piedmont Natural Gas Company
 P.O. Box 33068
 Charlotte, North Carolina 28233

Tom K. Austin
 North Carolina Electric
 Membership Corporation
 P.O. Box 27306
 Raleigh, North Carolina 27611

M.J. Houck
 AT&T
 150 Fayetteville Street Mall
 Suite 2810
 Raleigh, North Carolina 27601

Stuart B. Dixon
 North Carolina Natural Gas Corporation
 P.O. Box 909
 Fayetteville, North Carolina 28302-0909

Mark Mulhern
 Carolina Power & Light Company
 P.O. Box 1551
 Raleigh, North Carolina 27602