

August 31, 2022

**VIA Electronic Filing**

Ms. A. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
Dobbs Building  
430 North Salisbury Street  
Raleigh, North Carolina 27603

*Re: Docket No. M-1, Sub 12PSNC*

Dear Ms. Dunston:

Pursuant to the North Carolina Utilities Commission's ("Commission") January 30, 2020 *Order Requiring Electronic Filing of Quarterly Financial and Operational Data* in Docket No. M-100, Sub 157, enclosed is the quarterly surveillance report on Commission Form GS-1 for Public Service Company of North Carolina, Inc. ("PSNC") for the period ended June 30, 2022.

Due to methodological and timing differences between the data presented in this report and the manner in which PSNC would otherwise calculate pro forma rate base and income for ratemaking purposes for the relevant period, PSNC respectfully submits that the information reflected on the attached report should be used for informational purposes only. The report is not an accurate reflection of the Company's reporting for ratemaking purposes.

Thank you for your assistance with this matter. Please do not hesitate to contact me if you have any questions regarding this submittal.

Very truly yours,

/s/Mary Lynne Grigg

MLG:sjg

cc: Gina C. Holt  
Byron W. Hinson  
B. Craig Collins  
Glory Creel

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Pursuant to the North Carolina Utilities Commission's ("Commission") January 30, 2020 Order Requiring Electronic Filing of Quarterly Financial and Operational Data in Docket No. M-100, Sub 157, enclosed in the quarterly surveillance report, on Commission Form G.S.-1, for Public Service Company of North Carolina, Inc. for the period ending June 30, 2022

Due to methodological and timing differences between the data presented in this report and the manner in which PSNC would otherwise calculate pro forma rate base and income for ratemaking purposes for the relevant period, PSNC respectfully submits that the information reflected on the attached report should be used for informational purposes only. The report is not an accurate reflection of the Company's reporting for ratemaking purposes.

Line No.	Item	13-Mo Avg Total Capitalization [a]	Capitalization Ratio [b]	13-Mo Avg Capital/ Rate Base [c]	Embedded Cost [d]	Overall Cost/ Rate % [e]	Net Operating Income [f]
Total Company							
1	Long-Term Debt	\$798,435	35.52%	\$798,435	4.37%	1.55%	\$34,852
2	Short-Term Debt	222,922	9.92%	222,922	0.54%	0.05%	1,203
3	Common Equity	1,226,462	54.56%	1,226,462	9.07%	4.95%	111,192
4	Total Capitalization [1]	<u>\$2,247,819</u>	<u>100.00%</u>	<u>\$2,247,819</u>		<u>6.55%</u>	<u>\$147,247</u>
North Carolina Retail							
5	Long-Term Debt	\$798,435	39.18%	\$753,923	4.37%	1.71%	\$32,946
6	Short-Term Debt	222,922	10.94%	210,513	0.54%	0.06%	1,136
7	Common Equity	1,016,638	49.88%	959,818	10.23%	5.10%	98,226
8	Total Capitalization [2]	<u>\$2,037,995</u>	<u>100.01%</u>	<u>\$1,924,254</u>		<u>6.87%</u>	<u>\$132,308</u>
Residual [3]							
9	Long-Term Debt	\$0	0.00%	\$44,512	4.37%	0.00%	\$1,906
10	Short-Term Debt	0	0.00%	12,409	0.54%	0.00%	67
11	Common Equity	209,824	100.00%	266,644	4.86%	4.86%	12,966
12	Total Capitalization	<u>\$209,824</u>	<u>100.00%</u>	<u>\$323,565</u>		<u>4.86%</u>	<u>\$14,939</u>

[1] Schedule 2, Page 1 of 3

[2] Schedule 2, Page 2 of 3

[3] Total Company less North Carolina Retail

NCUC Form G.S.-1  
Ratio of Earnings to Fixed Charges  
Public Service Company of North Carolina, Inc.  
Twelve Months Ended June 30, 2022

Financial Method  
Schedule 1a  
(\$000s)

Line No.	Item	Total Company/ North Carolina
	<b>Ratio of Earnings to Fixed Charges</b>	
1	Consolidated Net Income	\$109,811 [1]
	<b>Fixed Charges</b>	
2	Interest on Debt	\$35,903
3	Amortization of debt discount and expense	152
4	Fixed Charges (L2+L3)	\$36,055
	<b>Taxes</b>	
5	Federal Income Tax	\$21,972
6	State Income Tax	4,357
7	Income Tax on Other Income (including subsidiaries)	1,962
8	Property Taxes	11,619
9	Total Taxes	\$39,910
10	Earnings Available for Fixed Charges (L1+L4+L9)	\$185,776
11	<b>Ratio of Earnings to Fixed Charges (L4/L10)</b>	515.26%
	<i>No four quarters ending shall be less than 175%</i>	

[1] Consolidated net income less after tax earnings of subsidiaries plus cash distributions

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		Total Company Capital Structure			
Line No.		Long-term Debt [1]	Short-term Debt	Common Equity	Total Capital [a] + [b] + [c]
		[a]	[b]	[c]	[d]
	Balance at end of:				
1	Jun-21	798,389	123,206	1,211,126	2,132,721
2	Jul-21	798,443	139,810	1,209,803	2,148,057
3	Aug-21	798,442	147,390	1,207,419	2,153,251
4	Sep-21	798,460	193,373	1,189,194	2,181,028
5	Oct-21	798,454	210,753	1,192,782	2,201,989
6	Nov-21	798,448	242,201	1,204,502	2,245,151
7	Dec-21	798,442	287,859	1,210,895	2,297,197
8	Jan-22	798,436	289,729	1,239,348	2,327,513
9	Feb-22	798,430	268,779	1,266,018	2,333,227
10	Mar-22	798,425	259,191	1,255,021	2,312,637
11	Apr-22	798,426	234,814	1,262,670	2,295,909
12	May-22	798,427	230,629	1,264,290	2,293,346
13	Jun-22	798,428	270,251	1,230,944	2,299,622
14	Total	<u>\$10,379,650</u>	<u>\$2,897,985</u>	<u>\$15,944,012</u>	<u>\$29,221,646</u>
15	13 Month Average (L14/13)	\$798,435	\$222,922	\$1,226,462	\$2,247,819
16	Capitalization Ratio	35.52%	9.92%	54.56%	100%
17	Actual Interest Accrued	\$34,852			
18	Average Embedded Cost (L17/L15)	4.37%			

[1] Long Term Debt reflects gross current maturities, less unamortized debt expense and includes operating leases

NC Retail Capital Structure					
Line No.		Long-term Debt	Short-term Debt [1]	Common Equity [2]	Total Capital [a] + [b] + [c]
		[a]	[b]	[c]	[d]
	Balance at end of:				
1	Jun-21	798,389	123,206	1,001,302	1,922,897
2	Jul-21	798,443	139,810	999,979	1,938,233
3	Aug-21	798,442	147,390	997,595	1,943,427
4	Sep-21	798,460	193,373	979,370	1,971,204
5	Oct-21	798,454	210,753	982,958	1,992,165
6	Nov-21	798,448	242,201	994,678	2,035,327
7	Dec-21	798,442	287,859	1,001,071	2,087,373
8	Jan-22	798,436	289,729	1,029,524	2,117,689
9	Feb-22	798,430	268,779	1,056,194	2,123,403
10	Mar-22	798,425	259,191	1,045,197	2,102,813
11	Apr-22	798,426	234,814	1,052,846	2,086,085
12	May-22	798,427	230,629	1,054,466	2,083,522
13	Jun-22	798,428	270,251	1,021,120	2,089,798
14	Total	<u>\$10,379,650</u>	<u>\$2,897,985</u>	<u>\$13,216,300</u>	<u>\$26,493,934</u>
15	13 Month Average	\$798,435	\$222,922	\$1,016,638	\$2,037,995
16	Capitalization Ratio	39.18%	10.94%	49.88%	100%

[1] Short-term debt reflects actual short term debt

[2] Schedule 2, Page 3 of 3

Common Equity excludes Acquisition Adjustment

North Carolina Retail Common Equity				
Line No.	Month	Consolidated Common Equity	Exclude Acquisition Adjustment	Net Common Equity [1]
		[a]	[c]	[e]
	Balance at end of:			
1	Jun-21	1,211,126	(209,824)	1,001,302
2	Jul-21	1,209,803	(209,824)	999,979
3	Aug-21	1,207,419	(209,824)	997,595
4	Sep-21	1,189,194	(209,824)	979,370
5	Oct-21	1,192,782	(209,824)	982,958
6	Nov-21	1,204,502	(209,824)	994,678
7	Dec-21	1,210,895	(209,824)	1,001,071
8	Jan-22	1,239,348	(209,824)	1,029,524
9	Feb-22	1,266,018	(209,824)	1,056,194
10	Mar-22	1,255,021	(209,824)	1,045,197
11	Apr-22	1,262,670	(209,824)	1,052,846
12	May-22	1,264,290	(209,824)	1,054,466
13	Jun-22	1,230,944	(209,824)	1,021,120
14	Total	<u>\$15,944,012</u>	<u>(\$2,727,712)</u>	<u>\$13,216,300</u>
15	13 Month Average			\$1,016,638

[1] Net Common Equity does not reflect common equity adjustments from last rate case

NCUC Form G.S.-1

Rate Base

Public Service Company of North Carolina, Inc.

Twelve Months Ended June 30, 2022

NC Rate Base Method

Schedule 3

(\$000s)

Line No.	Item	Plant in Service [1] [a]	Accumulated Provision for Depreciation [1] [b]	Deferred Income Taxes [1] [c]	Misc Working Capital [d]	Lead/Lag CWC [2] [e]	Net Regulatory Assets [f]	Rate Base Sum [a] - [f] [g]
<u>Total Company/NC Retail</u>								
Balance at:								
1	Jun-21	2,991,420	(911,530)	(347,963)	(19,181)	34,700	108,015	1,855,462
2	Jul-21	2,996,513	(916,216)	(351,756)	(16,093)	34,760	108,931	1,856,139
3	Aug-21	3,008,647	(921,191)	(351,816)	(13,355)	34,900	109,591	1,866,776
4	Sep-21	3,016,473	(927,094)	(372,875)	(5,874)	34,991	110,446	1,856,066
5	Oct-21	3,024,300	(931,752)	(336,573)	136	35,082	111,398	1,902,591
6	Nov-21	3,041,191	(936,712)	(367,736)	(3,575)	20,072	110,536	1,863,776
7	Dec-21	3,152,406	(938,750)	(362,470)	(8,936)	20,806	111,514	1,974,570
8	Jan-22	3,152,837	(944,268)	(361,919)	(14,970)	20,809	110,913	1,963,402
9	Feb-22	3,164,397	(950,068)	(361,223)	(21,399)	20,885	110,004	1,962,596
10	Mar-22	3,179,387	(955,591)	(362,546)	(20,385)	20,984	109,732	1,971,582
11	Apr-22	3,184,127	(961,442)	(362,419)	(16,453)	21,015	108,543	1,973,371
12	May-22	3,192,658	(966,609)	(362,358)	(8,528)	21,072	107,623	1,983,858
13	Jun-22	3,199,157	(971,600)	(370,204)	199	21,114	106,452	1,985,118
14	Total	<u>\$40,303,513</u>	<u>(\$12,232,822)</u>	<u>(\$4,671,859)</u>	<u>(\$148,414)</u>	<u>\$341,190</u>	<u>\$1,423,698</u>	<u>\$25,015,306</u>
15	13 Month Average	\$3,100,270	(\$940,986)	(\$359,374)	(\$11,416)	\$26,245	\$109,515	\$1,924,254

[1] Rate Base does not reflect adjustments from last rate case

[2] Lead/Lag CWC calculated as .0116, determined at 2016 Rate Case times monthly net plant

In November 2021, Lead/Lag CWC calculated as .0066, determined at 2021 Rate Case times monthly net plant

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Line No.	Item	Total Company/ North Carolina [a]
1	<u>Operating Revenues</u>	
2	Residential Sales	\$412,721
3	Commercial Sales [2]	188,120
4	Industrial Sales [2]	289
5	Public Authority Sales	0
6	Sales for Resale	0
7	Other Gas Sales	0
8	Total Sales of Gas (Sum L2 - L7)	<u>\$601,130</u>
9	<u>Other Operating Revenues</u>	
10	Gas Transportation for Others	\$69,928
11	Other Operating Revenues	\$20,855
12	Total Gas Operating Revenues (L8 + L10 + L11)	<u>\$691,913</u>
13	<u>Operating Expenses</u>	
14	Purchased Gas	\$289,221
15	Maintenance Expense	40,076
16	Other Operating Expense [1]	106,192
17	Taxes Other Than Income Taxes	16,103
18	Total Operating Expenses (Sum L14 - L17)	<u>\$451,592</u>
19	Depreciation and Amortization	\$78,714
20	Total Expenses and Depreciation	<u>\$530,306</u>
21	<u>Operating Taxes</u>	
22	Federal Income Tax Liability	(\$90,634)
23	Federal Income Tax - Deferred	116,745
24	Investment Tax Credit (ITC) Normalization	0
25	Amortization of ITC	0
26	Total Federal Income Taxes (Sum L22 - L25)	<u>\$26,111</u>
27	State Income Tax Liability	(\$55,047)
28	State Income Tax - Deferred	58,235
29	Total State Income Taxes	<u>\$3,188</u>
30	Total Operating Taxes (Sum L26 - L28)	<u>\$29,299</u>
31	Total Operating Expenses, Depreciation and Taxes (L30 + L20)	<u>\$559,605</u>
32	Net Operating Income (L12-L31) ( Net of Interest on Customer Deposits)	<u>\$132,308</u>

[1] Includes interest on customer deposits of \$482,926 see MFR Page 4.8

[2] Revenues are categorized as commercial or industrial based on categories in Rule R6-19.2

NCUC Form G.S.-1  
Income Statement  
Public Service Company of North Carolina, Inc.  
Twelve Months Ended June 30, 2022

Financial Method  
Schedule 4  
Page 2 of 2  
(\$000s)

Line No.	Item	Total Company/ North Carolina (a)
31	<u>Other Income</u>	
32	Allow for Equity Funds Used During Construction	\$1,143
33	Equity and Earnings of Subsidiary Companies	1,692
34	Interest and Dividend Income	4,495
35	Miscellaneous Income	10,182
36	Total Other Income (Sum L32 - L35)	<u>\$17,512</u>
37	<u>Other Deductions</u>	
38	Miscellaneous Income Deductions [2]	\$2,503
39	Taxes Applicable to Other Income & Deductions	(221)
40	Total Other Income Deductions (L38 + L39)	<u>\$2,282</u>
41	<u>Interest Charges</u>	
42	Interest on Long-term Debt	\$34,700
43	Amortization of Debt Discount and Expense	152
44	Interest on Advances from Affiliated Companies	0
45	Other Interest Expense [1]	2,578
46	Allowance for Borrowed Funds Used During Construction	(1,084)
47	Total Interest Charges (Sum L42 - L46)	<u>\$36,346</u>
48	Net Income Before Extraordinary and Delayed Items	\$111,192
49	Extraordinary & Delayed Items	0
50	Net Income (Loss)	<u>\$111,192</u>

[1] Excludes interest on customer deposits of \$482,926 see MFR Page 4.8

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NCUC Form G.S.-1  
Condensed Balance Sheet  
Public Service Company of North Carolina, Inc.  
Twelve Months Ended June 30, 2022

Financial Method  
Schedule 5  
(\$000s)

Line No.	Item	Total Company Booked (a)
1	<u>Assets</u>	
2	Gas Utility Plant in Service (excluding CWIP)	\$3,442,708
3	Less: Accum Depreciation & Amortization	<u>\$1,001,154</u>
4	Net Plant in Service	\$2,441,554
5	Plus: Materials and Supplies	<u>62,530</u>
6	Net Plant in Service and Materials and Supplies	\$2,504,084
7	CWIP	43,956
8	Other Assets	<u>430,294</u>
9	Total Assets	<u><u>\$2,978,334</u></u>
10	<u>Liabilities And Member's Equity</u>	
11	Common Equity	1,230,944
12	Long-term Debt	<u>808,730</u>
13	Total Capitalization (L11+L12)	\$2,039,674
14	Short-term Debt	270,251
15	Advances from Parent or Affiliate	0
16	Accumulated Deferred Income Taxes	275,638
17	Other Liabilities & Deferred Credits	392,771
18	Total Liabilities	<u><u>\$2,978,334</u></u>

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		Total Company/North Carolina					
		Test Year 12 Months Ended December 31, 2020 End of Period After Increase NCUC Docket G-5, Sub 632			Actual Operations Twelve Months Ended June 30, 2022		
Line No.	Item	Revenue [a]	Expenses as % of: Revenue [b] Expenses [c]		Revenue [d]	Expenses as % of: Revenue [e] Expenses [f]	
1	<u>Operating Revenues</u>						
2	Gross Operating Revenues	\$575,094	100.00%		\$691,913	100.00%	
3	<u>Operating Revenue Deductions</u>						
4	Cost of Gas	\$218,682	38.03%	45.86%	\$289,221	41.80%	51.73%
5	Operating and Maintenance Expenses	141,094	24.53%	29.59%	145,785	21.07%	26.07%
6	Depreciation and Amortization	79,719	13.86%	16.72%	78,714	11.38%	14.08%
7	Taxes Other than Income Taxes	18,975	3.30%	3.98%	16,103	2.33%	2.88%
8	Taxes - State Income	2,004	0.35%	0.42%	3,188	0.46%	0.57%
9	Taxes - Federal Income	16,409	2.85%	3.44%	26,111	3.77%	4.67%
10	Total Operating Expenses	<u>\$476,883</u>	<u>82.92%</u>	<u>100.00%</u>	<u>\$559,122</u>	<u>80.81%</u>	<u>100.00%</u>
11	Interest on Customer Deposits	587	0.10%		483	0.07%	
12	Net Operating Income for Return (L2-L10-L11)	<u>\$97,624</u>	<u>16.98%</u>		<u>\$132,308</u>	<u>19.12%</u>	

Line No.	Item	Rate Base	
		Test Year 12-Months Ended December 31, 2020 End of Period After Increase NCUC Docket G-5, Sub 632	13-Month Average Actual Operations 12-Months Ended June 30, 2022
		Total Company	Total Company
		[a]	[b]
13	Gas Utility Plant in Service	\$2,978,034	\$3,100,270
14	Less: Accumulated Provision for Depreciation	(912,701)	(940,986)
15	Net Plant in Service (Sum of L13 & L14)	2,065,333	2,159,284
16	Working Capital - Other	(19,941)	(11,416)
17	Working Capital - Lead Lag [1]	13,657	26,245
18	Deferred Regulatory Assets	0	109,515
19	Less: Deferred Income Taxes	(356,990)	(359,374)
20	Original Cost Rate Base (L15 thru L19)	\$1,702,059	\$1,924,254

[1] O&M Expenses x 0.0963 in Rate Case

NCUC Form G.S.-1  
Long-Term Debt and Interest Charges  
Public Service Company of North Carolina, Inc.  
Twelve Months Ended June 30, 2022

NC Rate Base Method/Financial Method  
Schedule 7  
(\$000s)

Line No.	Type of Obligation (Bonds, Debentures, Notes, etc.)	Issue Date [a]	Maturity Date [b]	Face Amount [c]	Amount Outstanding [d]	Interest Rate [e]	Interest Booked for 12 Months Ended This Report [f]	Interest Annualized on O/S Long-Term Debt [e] x [d] [g]
1	6.99% Due 2026	01/01/96	01/15/26	50,000	50,000	6.99%	3,495	3,495
2	7.45% Due 2026	12/15/96	12/15/26	50,000	50,000	7.45%	3,725	3,725
3	3.10% Due 2051	03/18/21	03/18/51	150,000	150,000	3.10%	4,650	4,650
4	4.13% Due 2046	06/22/16	06/22/46	100,000	100,000	4.13%	4,130	4,130
5	4.18% Due 2047	06/30/17	06/30/47	150,000	150,000	4.18%	6,270	6,270
6	4.33% Due 2028	06/15/18	06/15/28	100,000	100,000	4.33%	4,330	4,330
7	4.05% Due 2030	03/30/20	03/30/30	200,000	200,000	4.05%	8,100	8,100
8	Total Senior Debt			<u>\$800,000</u>	<u>\$800,000</u>		<u>34,700</u>	<u>34,700</u>
9	Operating Leases	Various	Various	0	479			
10	Other LTD	Various	Various				0	
11	Unamortized Debt Expense, Discount, & Premium				(2,051)		152	152
12	Current Portion of Long-Term Debt							
13	Total Long Term Debt			<u>\$800,000</u>	<u>\$798,428</u>		<u>\$34,852</u>	<u>\$34,852</u>

NCUC Form G.S.-1  
Public Service Company of North Carolina, Inc.  
Twelve Months Ended June 30, 2022

Statistical Data  
Schedule 8

Total Company/North Carolina

Line No.	Sales Classification	Operating Revenues [a]	DT's Sold [b]	Revenue per DT Sold [c]	Number of Customers		Informational Only
					End of Period [d]	Average [e]	Avg DT Usage per Customer [f]
1	Residential	\$ 412,720,520	29,994,045	\$13.76	579,117	575,433	52.12
2	Commercial [1]	149,816,417	15,585,688	9.61	46,223	46,099	338.10
3	Industrial [1]	38,592,149	6,140,039	6.29	290	292	21,027.53
4	Total	<u>\$601,129,086</u>	<u>51,719,772</u>	<u>\$11.62</u>	<u>625,630</u>	<u>621,824</u>	<u>83.17</u>
5	Gas Transported for Others	\$ 69,927,828	103,444,931	\$0.68	416	418	247,278.72

[1] Revenues are categorized as commercial or industrial based on Rate Schedule

NCUC Form G.S.-1  
NCUC Form G.S.-1 vs. NCUC Fee  
Public Service Company of North Carolina, Inc.  
Twelve Months Ended June 30, 2022

NC Jurisdictional Revenue  
Schedule 9  
(\$000s)

Line No.	Item	Total Co [a]
1	Total Revenues per Schedule 4	\$691,913
2	Exclude CIAC Gross-Up	(220)
3	Miscellaneous	(18,055) [1]
4	Adjust for Recoveries in Excess of Write-Off	66
5	Uncollectibles	(871)
6	Revenues Subject to Fee	<u>672,833</u>
7	Regulatory Fee Rate	<u>0.13%</u>
8	Regulatory Fee	<u><u>\$875</u></u>
[1]	<i>exclude refund liability</i>	<u>(18,055)</u>
	<i>Total</i>	<u><u>(\$18,055)</u></u>

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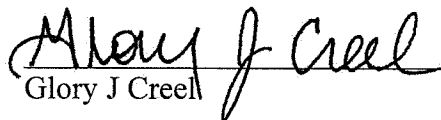
**VERIFICATION**

DOCKET NO. M-1, Sub 12PSNC

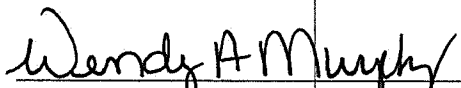
STATE OF NORTH CAROLINA

COUNTY OF GASTON

The undersigned, Glory J Creel, being first duly sworn, says that (i) she is Rates & Regulatory Senior Analyst for Public Service Company of North Carolina, Incorporated ("PSNC"), and, as such, she is authorized, and has been designated by PSNC, to make this proof on its behalf; (ii) she has read the foregoing report and the matters and things stated therein are true of her own knowledge, except as to those matters and things stated therein on information and belief, and as to those, she believes them to be true.

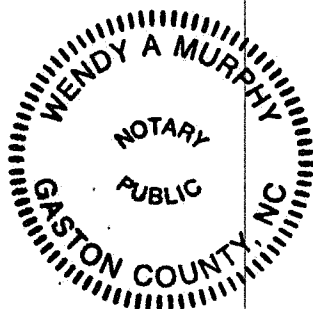
  
Glory J Creel

Subscribed and sworn to before me, this 31<sup>st</sup> day of August, 2022.

  
Wendy A. Murphy, Notary Public

My Commission Expires: March 24, 2023

[OFFICIAL SEAL]



## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Quarterly Surveillance Report for the Period Ended June 30, 2022, as filed in Docket No. M-1, Sub 12PSNC, was served via electronic delivery or mailed, first-class, postage prepaid, upon all parties of record.

This, the 31<sup>st</sup> day of August, 2022.

/s/Mary Lynne Grigg

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*Attorney for Public Service Company of  
North Carolina, Inc.*