

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

**Docket No. G-9, Sub 837**

In the Matter of

Application of Piedmont Natural Gas Company, )  
Inc. for an Adjustment of Rates, Charges, and ) **PETITION**  
Tariffs Applicable to Service in North Carolina, )  
Continuation of its IMR Mechanism, Adoption )  
of New Depreciation Rates for its Utility )  
Property, Regulatory Asset Accounting Treatment )  
for Certain Operating Expenses, and Other Relief )

Piedmont Natural Gas Company, Inc. (“Piedmont” or “the Company”), through counsel and pursuant to N.C. Gen. Stat. § 62-133 and Rule R1-17 of the Rules and Regulations of the North Carolina Utilities Commission (“NCUC” or “Commission”), hereby respectfully requests that the Commission approve each of the following proposals described further herein and supported by the testimony of Company witnesses filed concurrent herewith: (i) a general increase in and revisions to the base rates and charges for customers served by the Company to account for changes in rate base, operating revenues, costs and capital structure that have occurred since Piedmont’s last general rate case proceeding (“2021 Rate Case”), including the roll-in of safety and integrity-related capital investments, most of which are currently being recovered under Piedmont’s Integrity Management Rider (“IMR”) mechanism; (ii) a 12-month extension of Piedmont’s Excess Deferred Income Taxes (“EDIT”) Rider rates, as updated to enable the flowback to customers of the additional unprotected EDIT that has arisen since the commencement of this EDIT Rider; (iii) continuation of Piedmont’s IMR mechanism; (iv) continuation of the regulatory asset accounting

treatment for certain incremental operations and maintenance (“O&M”) expenses associated with Piedmont’s incremental environmental cleanup and remediation compliance activities (“Environmental Activities”), Piedmont’s operation of its pipeline integrity management compliance program for both its transmission assets (“PIM-T”) and distribution assets (“PIM-D”) including recently initiated leak identification and repair compliance activities utilizing advanced methane leak detection technologies; (v) updated amortization and recovery of the unamortized regulatory asset balances for Piedmont’s Environmental Activities, PIM-T, and PIM-D; (vi) regulatory asset accounting treatment for the O&M expenses being incurred by Piedmont in connection with the multi-year capital project (“Piedmont Customer Connect Project”) to replace its aged, primary customer information system (“Legacy CIS”) with a new customer information system (“New CIS”) to better serve Piedmont’s customers; (vii) amortization and recovery of the O&M expenses deferred to date with the Piedmont Customer Connect Project; (viii) adoption of updated depreciation rates for the Company’s North Carolina direct and joint property utility plant shown in the direct testimony and exhibits of Piedmont witness Dane Watson; (ix) utilization of the lead-lag study shown in the direct testimony and exhibits of Piedmont witness Paul Normand; (x) update and clarification of certain elements of Piedmont’s North Carolina Service Regulations; and (xi) implementation and recovery of funding for customer-supportive gas technology research and development activities conducted by GTI Energy under its Utilization Technology Development (“UTD”) Program.

The relief requested herein, among other things, is designed to update the Company’s rates, charges, and tariffs in conformance with the Company’s additional

investment of capital to expand its gas distribution system to better serve its current and future customers and to comply with federal pipeline safety and integrity requirements and for changes to the Company's capital structure and operating expenses. The revised rates Piedmont proposes to implement in this proceeding are set forth on Appendix I to this Petition. In support of this Petition and all of the relief sought by Piedmont in this docket, the Company respectfully shows the following:

**I.**

**Notices and Other Communications**

The names and addresses of the persons to whom any notices or other communications with respect to this Petition are to be sent are as follows:

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and

Pia K. Powers  
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Pursuant to Commission Rule R1-39, Piedmont agrees to electronic service of all pleadings and other filings in this matter.

## II.

### **Description of Applicant**

Piedmont is a subsidiary of Duke Energy Corporation and is engaged in the business of transporting, distributing, and selling natural gas in the states of North Carolina, South Carolina, and Tennessee. Piedmont is a public utility under the laws of this State, and its public utility operations in North Carolina are subject to the jurisdiction of this Commission. The Commission has previously granted Piedmont Certificates of Public Convenience and Necessity authorizing it to acquire certain gas franchises and properties in the State of North Carolina. Piedmont currently provides natural gas service to approximately 810,000 customers in North Carolina.

## III.

### **Additions to Natural Gas Facilities for Expansion and in Compliance with Federal Pipeline Safety and Integrity Requirements**

In order to reliably provide natural gas service to as many citizens within its certificated service area as feasible since the 2021 rate case, Piedmont has been adding customers and making capital investments in various system growth projects, including the reinforcement of existing facilities. In addition to capital investments prompted by system growth and reliability, Piedmont has also made substantial capital investments

(and is continuing to make such investments) in projects designed to enable the Company to comply with federal pipeline safety and integrity management requirements. The capital investments in integrity management related projects have largely been included in the operation of Piedmont's IMR mechanism. While Piedmont has been allowed to begin recovering the costs and earning a return on much of its capital investment for integrity related projects under the IMR mechanism, neither its integrity-related capital investments nor its other capital investments including those supporting ongoing system reliability and growth are currently reflected in Piedmont's base rates. This rate case filing seeks to include all such capital investments placed into service since Piedmont's 2021 Rate Case into its base rates. This rate case also seeks the continuation of the IMR mechanism.

#### IV.

##### **Reasons Supporting a General Rate Increase**

As shown in Exhibit \_\_ (WBE-7), filed concurrent with this Petition, Piedmont's *pro forma* overall rate of return as of December 31, 2023, is 5.13% and its *pro forma* return on common equity as of that time is 5.93%. This *pro forma* level of return will not permit the Company to compete for debt and equity capital on reasonable terms, and, therefore, will not enable the Company to continue to invest in new plant, add new customers and provide adequate, safe, and reliable service to existing customers. If Piedmont is to maintain its facilities and services in accordance with United States Pipeline and Hazardous Materials Safety Administration ("PHMSA") requirements and the reasonable requirements of its customers, compete for capital on terms that are reasonable and fair to customers and to investors, and produce a fair return for

stockholders, it must be granted general rate relief. These and other reasons supporting Piedmont's request for general rate relief are explained in the concurrently filed direct testimonies and exhibits of Piedmont witnesses Sasha Weintraub, Brian Weisker, Karl Newlin, Pia Powers, Kally Couzens, Brad Evans, James Coyne, Paul Normand, and Dane Watson.

## V.

### **Effective Date of General Rate Increase**

The Company proposes to make the rates set forth in Appendix I hereto effective on and after May 1, 2024; however, the Company anticipates that the Commission may suspend these rates and set this application for hearing. The Company respectfully requests that the Commission establish a procedural schedule that will permit the final rates in this case to become effective as soon as reasonably possible following the completion of any evidentiary hearing process determined necessary by the Commission.

## VI.

### **Exhibits and Schedules**

Pursuant to the provisions of Rule R1-17 of the Commission's Rules and Regulations, the Company is filing with this Petition: (1) a one-page summary of all proposed increases and changes affecting customers, which schedule has been identified as Appendix I (Rule R1-17(b)(9)(f)); (2) NCUC Form G-1 (Rule R1-17(b)(12)); and (3) the direct testimony and exhibits that will be relied upon by Petitioner at the hearing of this Docket (Rule R1-17(b)(13)). Information relative to Piedmont's filing and responsive to the requirements of Commission Rule R1-17(b)(1)

to (10) is provided and/or discussed as follows:

- Rule R1-17(b)(1) Piedmont's present rates and charges now on file with and approved by the Commission are set forth in Appendix I.
- Rule R1-17(b)(2) Piedmont's proposed rates and charges proposed to be placed into effect on May 1, 2024, are set forth in Appendix I.
- Rule R1-17(b)(3) The original cost of all Piedmont property used or useful in providing service to the public to which the proposed rates relate as of December 31, 2023, as adjusted for certain projected changes during the pendency of this proceeding ("Update Period"), is set forth in Exhibit \_\_ (WBE-1).
- Rule R1-17(b)(5) A statement of Accrued Depreciation on all property to which the proposed rates relate as of December 31, 2023, and of the rates and methods used in computing the amount charged to depreciation are set forth on Exhibit \_\_ (WBE-3) and Exhibit \_\_ (WBE-6).
- Rule R1-17(b)(6) A statement of materials and supplies costs as of December 31, 2023, is contained on line 3 of Exhibit \_\_ (WBE-4).
- Rule R1-17(b)(7) A statement of Cash Working Capital required by Piedmont for the efficient, economic operation of its business as of December 31, 2023, is contained in Exhibit \_\_ (WBE-4).
- Rule R1-17(b)(8) & (9) A statement of gross revenues received, operating expenses and net operating income for return on investment for the twelve months ended December 31, 2023, as the same appear on Petitioner's books, together with (1) accounting and pro forma adjustments, (2) rates of return on original cost rate base and (3) return on common equity is set forth in Exhibit \_\_ (WBE-7).
- Rule R1-17(b)(10) A Balance Sheet as of December 31, 2023, and Income Statement for the twelve months ended

December 31, 2023, is set forth in Exhibit\_\_(WBE-10).

**VII.**

**Changes to Piedmont’s Base Rates, Extension of EDIT Rider and Associated Changes to Piedmont’s EDIT Rider Rates**

Piedmont proposes to implement new rates and charges as reflected on Appendix I attached hereto. Piedmont’s proposed base rate changes by customer classification are discussed in the direct testimony of Piedmont witness Kally Couzens. Piedmont also seeks a 12-month extension of its EDIT Rider, in order to return to customers the remaining balance of unprotected EDIT on its books. Piedmont’s proposed rider rate changes by customer classification to effectuate the proposed 12-month extension of the EDIT Rider are also discussed in the direct testimony of Piedmont witness Couzens. The direct testimony of Piedmont witness Pia Powers will include additional discussion of the customer impact of these changes.

**VIII.**

**Continuation of IMR Mechanism, Update and Clarification of Piedmont’s North Carolina Service Regulations**

Piedmont seeks continuation of its IMR mechanism, which is delineated in Appendix E of Piedmont’s North Carolina Service Regulations. The direct testimony of Piedmont witness Brian Weisker explains the need for continuation of the IMR mechanism. The direct testimony of Piedmont witness Pia Powers addresses proposed changes to update the factors shown within Appendix E of the Service Regulations in order to appropriately effectuate continuation of the IMR mechanism. The direct



testimony of Piedmont witness Powers will also discuss the clarification being sought by the Company pertaining to Appendix A of the Service Regulations.

**IX.**

**Continuation of Regulatory Asset Accounting Treatment, and Amortized Recovery of Regulatory Asset Balances**

Piedmont seeks amortization and collection of Environmental Activities, PIM-T and PIM-D expenses that have been deferred pursuant to prior Commission orders. Piedmont also requests continuation of regulatory asset accounting treatment for these expenses. The proposed amortization and collection of these costs, and the need for the continuation of regulatory asset accounting treatment are respectively discussed in the testimony of Piedmont witness Brad Evans.

**X.**

**Regulatory Asset Accounting Treatment for Piedmont Customer Connect Project O&M Costs, and Amortized Recovery of Such Project Costs Incurred to Date**

Piedmont seeks approval of regulatory asset treatment for the O&M expenses associated with the Piedmont Customer Connect Project, as well as the amortization and recovery of the Piedmont Customer Connect Project O&M expenses incurred to date. These issues are discussed in the direct testimony of Piedmont witnesses Pia Powers and Brad Evans, respectively.

**XI.**

**Adoption of New Lead-Lag and Depreciation Study, and Approval of Gas Technology Costs**

Finally, Piedmont seeks approval of a new Lead-Lag Study and an updated Depreciation Study, as well as authorization to recover certain GTI Energy UTD Program expenditures on gas technology research and development supporting

Piedmont's customers. These matters are discussed in the direct testimony of Piedmont witnesses Paul Norman, Dane Watson, and Brian Weisker, respectively.

## XI.

### **Intent to Update as Permitted by N. C. Gen. Stat. § 62-133(c)**

This Petition, the NCUC Form G-1 and the testimony and exhibits of witnesses contain information that is now known to the Company and upon which the Company will rely to support this request. However, the Company plans to offer at or prior to hearing such additional relevant, material, and competent evidence as may be permitted by N.C. Gen. Stat. § 62-133(c) or other provision of North Carolina law as to the Company's costs, revenues, volumes, rate base, return or any other matter relevant to the Commission's determination of the matters raised herein.

**WHEREFORE**, the Company respectfully requests the Commission to:

1. Grant a general increase in rates and charges for natural gas services;
2. Approve the proposed rates set forth in Appendix I hereto;
3. Approve the proposed extension of the EDIT Rider and associated updated EDIT Rider rates;
4. Approve the continuation of the IMR mechanism;
5. Approve the continuation of regulatory asset accounting treatment for Piedmont's Environmental Activities, PIM-T and PIM-D;
6. Approve the updated amortization and recovery of the unamortized regulatory asset balances for Piedmont's Environmental Activities, PIM-T and PIM-D;
7. Approve regulatory asset accounting treatment for the O&M expenses

being incurred by the Company in connection with the Piedmont Customer Connect Project;

8. Approve the amortized recovery of the O&M expenses incurred to date with the Piedmont Customer Connect Project;
9. Adopt revised depreciation rates for Piedmont;
10. Approve the changes in rate design, costs, revenues, rate base, lead-lag, cost allocation, service regulations, classifications and practices requested herein;
11. Approve recovery of certain GTI Energy UTD Program expenditures for gas technology research and development supporting customers; and
12. Grant all other relief requested herein and addressed in the testimony of Piedmont's witnesses filed concurrently herewith, all to be effective May 1, 2024.

The Company further requests that the Commission grant a waiver of any of the Commission's Rules and Regulations as may be necessary or appropriate to provide the Company with the relief requested in this Petition.

This the 1<sup>st</sup> day of April, 2024.

**PIEDMONT NATURAL GAS COMPANY, INC.**

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**PIEDMONT NATURAL GAS COMPANY, INC.  
GENERAL RATE CASE  
DOCKET NO. G-9, SUB 837**

**APPENDIX I**

**Piedmont Natural Gas Company, Inc.**  
**Docket No. G-9 Sub 837**  
**Comparison of Present Rates and Proposed Rates**

Rate Schedule	Current Revenue Rates <sup>1</sup>	Proposed Revenue Rates
<b>101 - Residential Service</b>		
Monthly Charge	10.00	10.00
Monthly Charge	10.00	10.00
Winter per DT	14.6079	18.1218
Summer per DT	14.0446	17.6882
<b>102- Small General Service</b>		
Monthly Charge	22.00	22.00
Winter per DT	11.3147	12.8352
Summer per DT	10.8632	12.4806
<b>152- Medium General Service</b>		
Monthly Charge	75.00	75.00
Winter - First 500 per DT	10.1279	11.0997
Winter - Over 500 per DT	9.7507	10.7982
Summer - First 500 per DT	10.0623	11.0473
Summer - Over 500 per DT	9.7141	10.7689
<b>142 - Natural Gas Vehicle Fuel</b>		
Winter per DT	11.1830	13.3675
Summer per DT	11.1830	13.3675
Compression Charge per DT (maximum rate)	4.0000	4.0000
<b>143- Experimental Motor Vehicle Fuel</b>		
Monthly Charge		<i>Monthly charge is reflected on corresponding rate schedule</i>
Winter per DT		<i>Volumetric charge is reflected on corresponding rate schedule</i>
Summer per DT		<i>Volumetric charge is reflected on corresponding rate schedule</i>
Compression Charge per DT (maximum rate)	4.0000	4.0000
<b>144- Experimental Medium Gen Motor Fuel - Transportation</b>		
Monthly Charge	75.00	75.00
Winter - First 500 per DT	7.1279	8.0997
Winter - Over 500 per DT	6.7507	7.7982
Summer - First 500 per DT	7.0623	8.0473
Summer - Over 500 per DT	6.7141	7.7689
Compression Charge per DT (maximum rate)	4.0000	4.0000
<b>103 - Large General Sales Service</b>		
Monthly Charge	350.00	350.00
Demand Charge per DT	15.1700	8.4068
Winter - First 1,500 per DT	5.0096	5.2636
Winter - Next 3,000 per DT	4.4064	4.1609
Winter - Next 9,000 per DT	4.0077	3.9642
Winter - Next 16,500 per DT	3.8404	3.7905
Winter - Next 30,000 per DT	3.7943	3.6620
Winter - Over 60,000 per DT	3.3876	3.5087
Summer - First 1,500 per DT	4.2903	3.9757
Summer - Next 3,000 per DT	3.9375	3.7235
Summer - Next 9,000 per DT	3.6781	3.5928
Summer - Next 16,500 per DT	3.5489	3.4935
Summer - Next 30,000 per DT	3.3853	3.4137
Summer - Over 60,000 per DT	3.2152	3.3611
<b>104 - Interruptible Sales Service</b>		
Monthly Charge	350.00	350.00
Winter - First 1,500 per DT	5.2343	5.0890
Winter - Next 3,000 per DT	4.9380	4.3393
Winter - Next 9,000 per DT	4.5386	4.0902
Winter - Next 16,500 per DT	4.2325	3.8699
Winter - Next 30,000 per DT	4.0002	3.7384
Winter - Over 60,000 per DT	3.8278	3.4276
Summer - First 1,500 per DT	4.6353	4.3360
Summer - Next 3,000 per DT	4.3561	4.0317
Summer - Next 9,000 per DT	4.2536	3.9065
Summer - Next 16,500 per DT	4.0727	3.7891
Summer - Next 30,000 per DT	3.9949	3.6893
Summer - Over 60,000 per DT	3.8606	3.4272

**Piedmont Natural Gas Company, Inc.**  
**Docket No. G-9 Sub 837**  
**Comparison of Present Rates and Proposed Rates**

Rate Schedule	Current Revenue Rates <sup>1</sup>	Proposed Revenue Rates
<b>113 - Large General Transportation Service</b>		
Monthly Charge	350.00	350.00
Demand Charge per DT	3.1700	3.6000
Winter - First 1,500 per DT	2.0096	2.1483
Winter - Next 3,000 per DT	1.4064	1.0462
Winter - Next 9,000 per DT	1.0077	0.8939
Winter - Next 16,500 per DT	0.8404	0.7334
Winter - Next 30,000 per DT	0.7943	0.6360
Winter - Over 60,000 per DT	0.3876	0.4751
Summer - First 1,500 per DT	1.2903	0.8683
Summer - Next 3,000 per DT	0.9375	0.6482
Summer - Next 9,000 per DT	0.6781	0.5465
Summer - Next 16,500 per DT	0.5489	0.4594
Summer - Next 30,000 per DT	0.3853	0.3867
Summer - Over 60,000 per DT	0.2152	0.3512
<b>114 - Interruptible Transportation Service</b>		
Monthly Charge	350.00	350.00
Winter - First 1,500 per DT	2.0617	1.8153
Winter - Next 3,000 per DT	1.3946	0.9062
Winter - Next 9,000 per DT	1.0355	0.7393
Winter - Next 16,500 per DT	0.6677	0.5546
Winter - Next 30,000 per DT	0.5259	0.4859
Winter - Over 60,000 per DT	0.3553	0.2440
Summer - First 1,500 per DT	1.0971	0.9978
Summer - Next 3,000 per DT	0.8059	0.7157
Summer - Next 9,000 per DT	0.6518	0.5881
Summer - Next 16,500 per DT	0.4944	0.5027
Summer - Next 30,000 per DT	0.3908	0.3924
Summer - Over 60,000 per DT	0.2857	0.2372
<b>105 - Outdoor Gaslight Service</b>		
Per Fixture Charge	20.27	23.86
<b>T-10 - Military Operations Transportation</b>		
Demand Charge per DT	10.0000	5.0000
Winter per DT	1.8224	1.6865
Summer per DT	0.6393	0.5034
<b>106 - Schedule For Limiting and Curtailing</b>		
Emergency Gas per DT	10.0000	10.0000
Unauthorized Gas per DT	25.0000	25.0000
<b>Reconnect Fees</b>		
<u>Residential</u>		
February Through August	55.00	55.00
September Through January	85.00	85.00
<u>All Others</u>		
February Through August	55.00	55.00
September Through January	110.00	110.00
<b>Returned Check Charge</b>		
Returned Check Charge	25.00	25.00

1/ Revenue Rates, effective January 1, 2024 in Docket No. G-9, Sub 833, include IMR base billing rates for the recovery of the current IMR revenue requirement and are exclusive of temporary increments or decrements.

STATE OF NORTH CAROLINA  
COUNTY OF MECKLENBURG

VERIFICATION

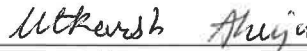
Pia K. Powers, being duly sworn, deposes and says that she is the Managing Director - Gas Rates and Regulatory of Piedmont Natural Gas Company, Inc., that as such, she has read the foregoing document and knows the contents thereof; that the same are true of her own knowledge except as to those matters stated on information and belief and as to those she believes them to be true.



Pia K. Powers

Mecklenburg County, North Carolina  
Signed and sworn to before me this day by Pia K. Powers.

Date: 03/29/2024



Notary Public

Utkarsh Ahuja  
~~(Notary Public)~~  
Mecklenburg County, NC  
My Commission Exp 02/21/2029

My commission expires: 02/21/2029