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August 27, 2003

The Honorable Sara Kyle
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Application of Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc. for an Adjustment of its Rates and Charges, the Approval of Revised Tariffs and the Approval of Revised Service Regulations
Docket No. 03-00313

Dear Chairman Kyle:

Enclosed is the Company's response to the Second Discovery Request of the Consumer Advocate and Protection Division dated August 22, 2003.

Copies of these responses are being served upon the Consumer Advocate Division (pursuant to agreement with the CAD) and copies are also being served on all other parties of record.

If you have any questions regarding these responses, you may reach me at the number shown above.

Sincerely,

James H. Jeffries IV
James H. Jeffries IV *by BRM*

JHJ/srl

Enclosures

c: All Parties of Record
Mr. R. Dale Grimes

2002 Natural Gas Residential Customer Satisfaction Study

Inaugural Study Prospectus

Conducted by:

J.D. POWER
AND ASSOCIATES®

Please Contact:

Chris Oberle, Senior Director

(949) 636-5953

Chris.Oberle@jdpa.com

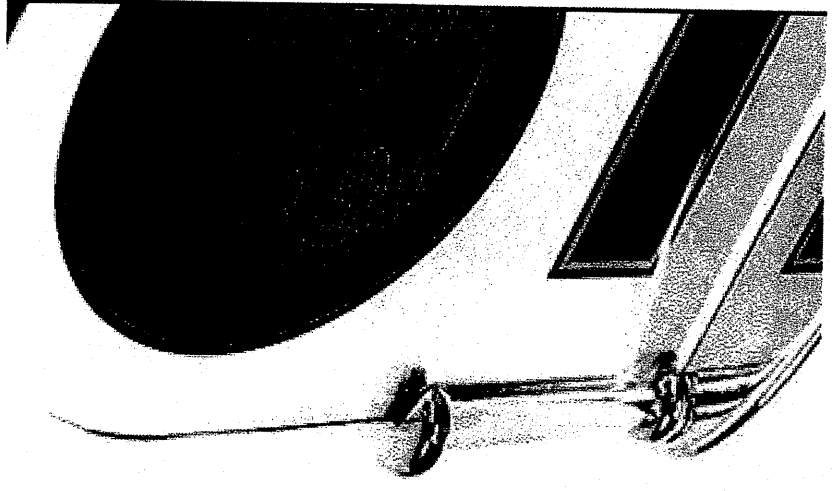
J.D. Power and Associates Background

Overview of J.D. Power and Associates

<i>Scope of Services</i>	▪ Syndicated Research ▪ Consortium Research ▪ Proprietary Research ▪ Market Analysis and Advisory
<i>Revenue</i>	▪ \$100 Million +
<i>Employees</i>	▪ Approximately 600 professionals ▪ Research, marketing and consulting expertise
<i>Offices</i>	▪ 7 in United States ▪ 5 International (plus 3 Joint Ventures) ▪ Conducts studies on all continents

J.D. Power and Associates

- J.D. Power and Associates (JDPA) was established in 1968
- JDPA has become a leading firm in customer-centric topics, such as market forecasting, customer satisfaction, product development and quality
- Industries of focus for JDPA include:
 - New and Used Automotive
 - Financial Services
 - Healthcare
 - Home Building
 - Communications
 - Travel
 - Airlines
 - Sports
 - Energy
- A recent study showed that over 60% of the US population recognize the J.D. Power and Associates brand **and** have a positive impression of the company
- Each year, JDPA presents its prestigious overall customer satisfaction award only to the highest rated companies in each industry
- Its industry roundtables and forums for information sharing are leading events in the industries it serves



The Energy Practice

- Our customer satisfaction studies were developed in 1999 and are now the industry standard for measuring satisfaction within the electric industry
- Its focus spans the spectrum of market data, analysis and recommendations

Industry Studies

Syndicated and Consortium research projects on customer satisfaction and market topics

Proprietary Research

Conducting cost-effective primary research on topics important to your company. Also, oversampling within syndicated studies on markets and topics around syndicated research studies.

Market Advisory

Analyzing data and developing recommendations and/or perspectives on business and market topics and strategies

The 2002 Natural Gas Residential Customer Satisfaction Study

Study Overview

- J.D. Power and Associates will privately fund this annual study that measures and tracks residential customer satisfaction levels at natural gas utilities nationwide
- Customer satisfaction awards will be presented by J.D. Power and Associates to utilities with the highest satisfaction scores in each geographic region
- Press release summarizing each utility's overall performance will be distributed at the study's conclusion
- The 2002 study will be the inaugural year for this residential gas utility research study
- This will be a "blind" study, meaning that customers will be surveyed in each targeted utility region without contacting with the host utility *How would they handle our 3 state, 12 district area?*
- Topics will drill deep into the drivers of customer satisfaction and market perceptions on:
 - Company Image
 - Price and Value
 - Safety and Field Service
 - Billing and Payment
 - Customer Service
 - Customer Loyalty *→ what's their measure of loyalty? Intent to repurchase? Appliances/Burner top in Household?*
 - Appliance Conversion
 - Product Demand
 - Cost versus Operational Improvement Trade-offs
 - Performance Metrics of Gas and Electric Peers

How would we use this? Have to be on a "global" perspective. Couldn't use for district specific performance...
- This research database will be made available to study subscribers on CD-ROM
- Subscribers to the study will also receive data on electric companies in their regions

Sort and Benchmark by 54 Named Peers

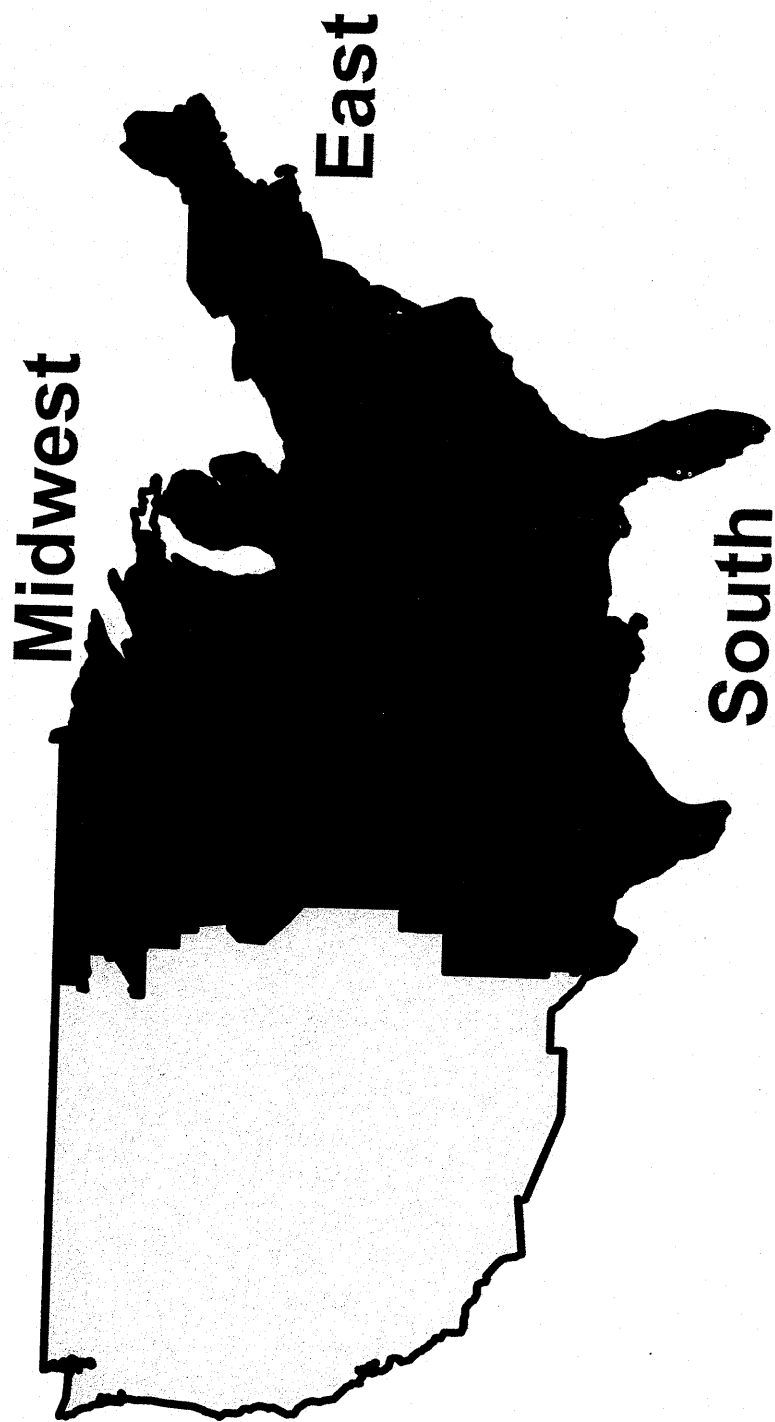
Gas Companies

- ✓ Alagasco
- ✓ Atlanta Gas Light
- ✓ Atmos Energy Corporation
- Citizens Gas & Coke Utility
- Equitable Gas Company
- ✓ Laclede Gas Company
- National Fuel Gas Co
- New Jersey Natural Gas Co
- Nicor Gas
- ✓ Northwest Natural
- ONEOK, Inc.
- Peoples Energy Corp
- Philadelphia Gas Works
- ✓ Piedmont Natural Gas
- Questar Corp
- SEMCO Energy
- South Jersey Industries
- Southern Union
- ✓ Southwest Gas Corp
- UGI Utilities Inc
- ✓ Vectren
- ✓ Washington Gas Light Company

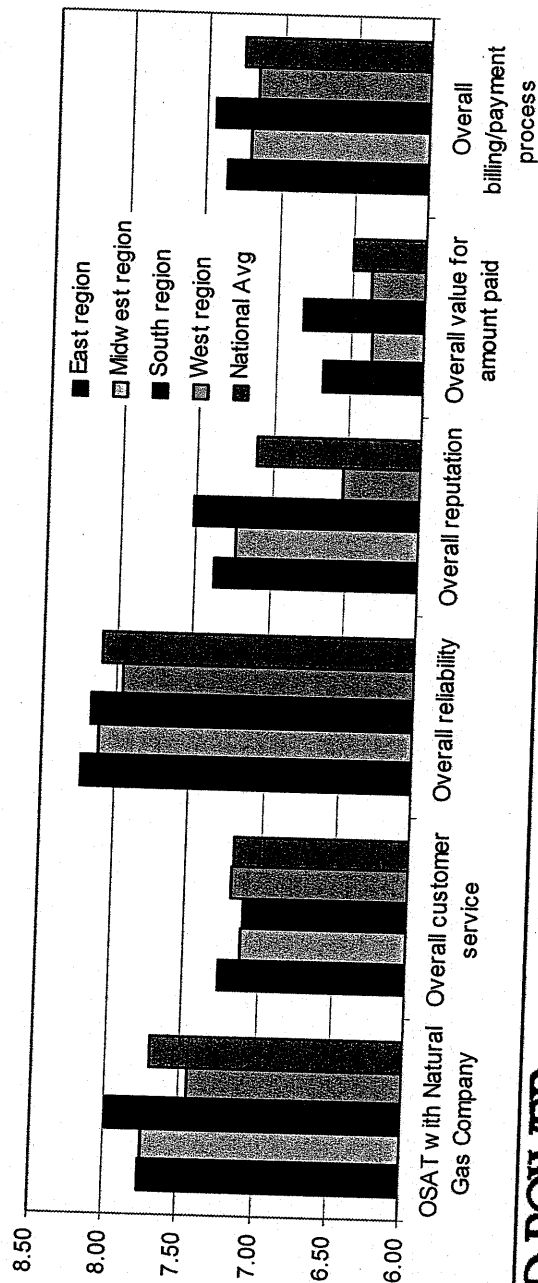
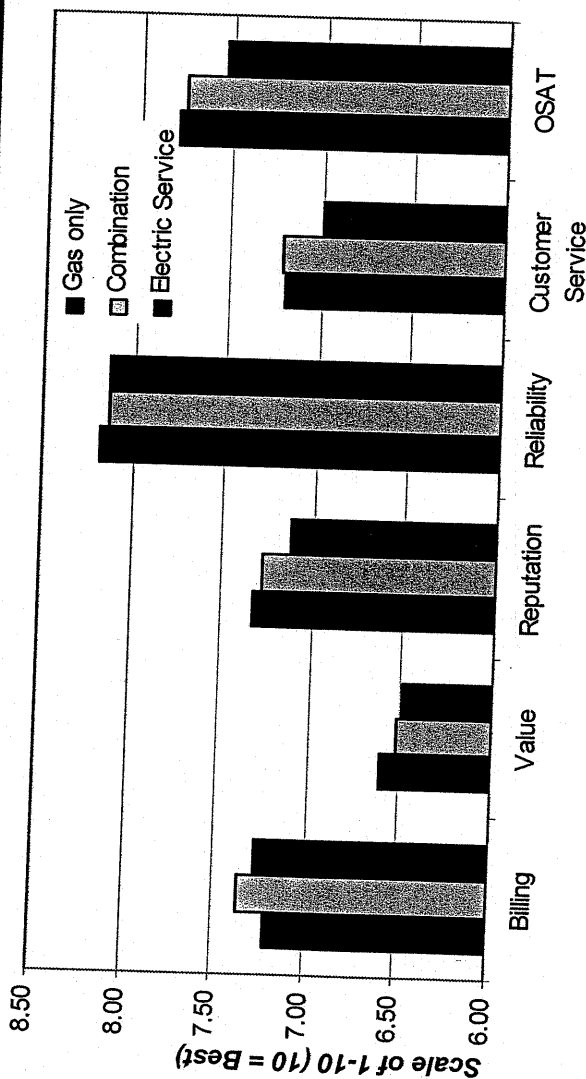
Combination Utilities

- ✓ Alliant Energy
- Ameren Corp
- ✓ Avista Corporation
- ✓ Baltimore Gas & Electric
- Mid-American Energy
- CMS Energy
- ✓ Consolidated Edison Co of N.Y
- Dominion
- DTE Energy
- Dynegy
- Exelon
- ✓ Keyspan Energy
- LG&E Energy
- Niagara Mohawk Power
- NiSource
- NSTAR
- ✓ NUI
- PG&E
- PNM
- Public Service Electric & Gas
- Puget Sound Energy
- Reliant Energy
- Rochester Gas & Electric Corp
- San Antonio City of
- Sempra
- ✓ TECO Energy
- TXU Electric & Gas
- UtiliCorp United
- Western Resources
- Wisconsin Energy
- Wisconsin Public Service Corp
- Xcel Energy

Award Regions



Selected 2001 Research Highlights



High-Spending Customers were Less Satisfied

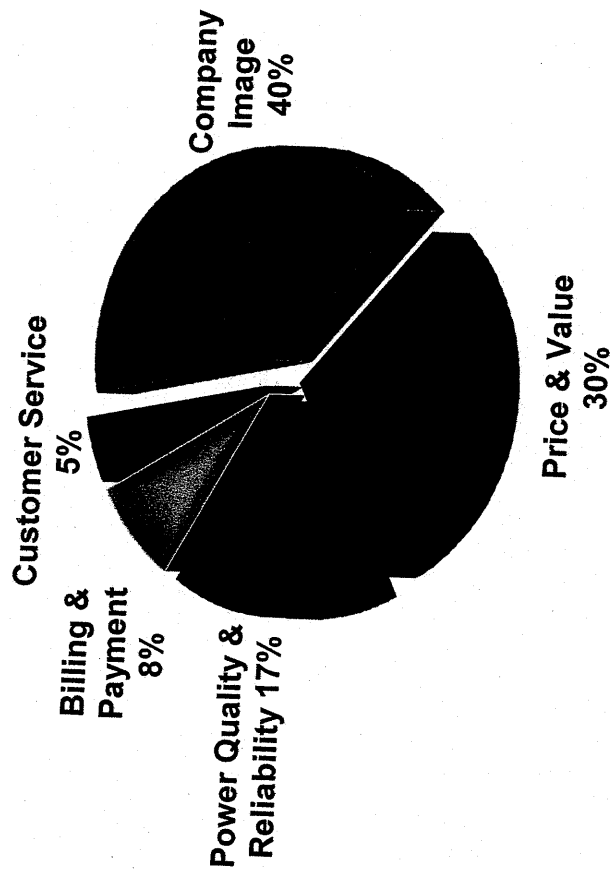
Even though the West had the lowest satisfaction scores, 40% of East customers were high-bill compared to only 14% of West

		Billing	Value	Reputation	Reliability	Customer Service	OSAT
High bill Customers (>\$111/month)							
East region		7.02	6.10	7.03	8.04	6.89	7.43
Midwest region		6.36	5.41	6.48	7.70	6.38	7.21
South region		6.27	5.54	6.65	7.32	6.69	7.47
West region		6.16	4.82	5.28	7.15	6.59	6.53
High bill Customers		6.54	5.55	6.48	7.68	6.64	7.20
Low Bill Customers (<\$111/month)							
East region		7.52	7.06	7.70	8.52	7.80	8.04
Midwest region		7.56	6.76	7.52	8.28	7.58	7.91
South region		7.79	7.19	7.79	8.41	7.22	8.16
West region		7.36	6.59	6.81	8.12	7.33	7.59
Low Bill Customers		7.53	6.83	7.35	8.29	7.45	7.86

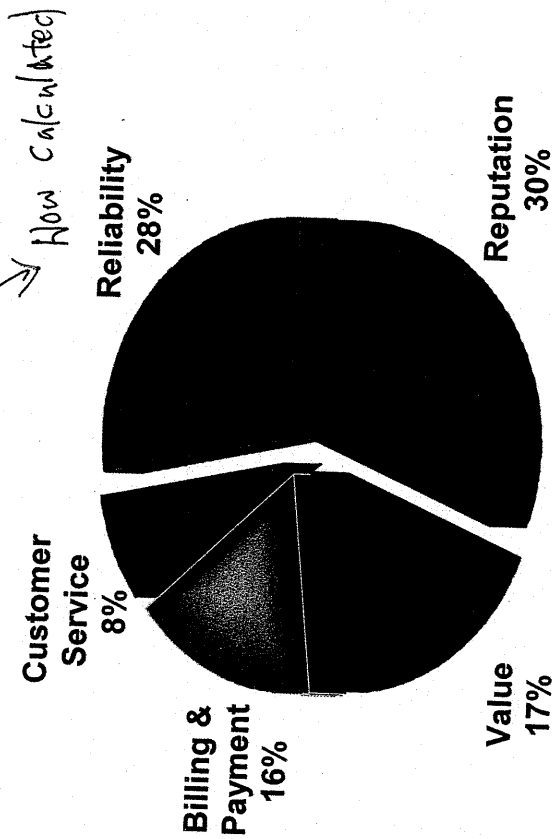
Factors Affecting Satisfaction in Gas Service are Unique

Gas customers more sensitive to reliability and billing issues

Electric Satisfaction Factor Weights

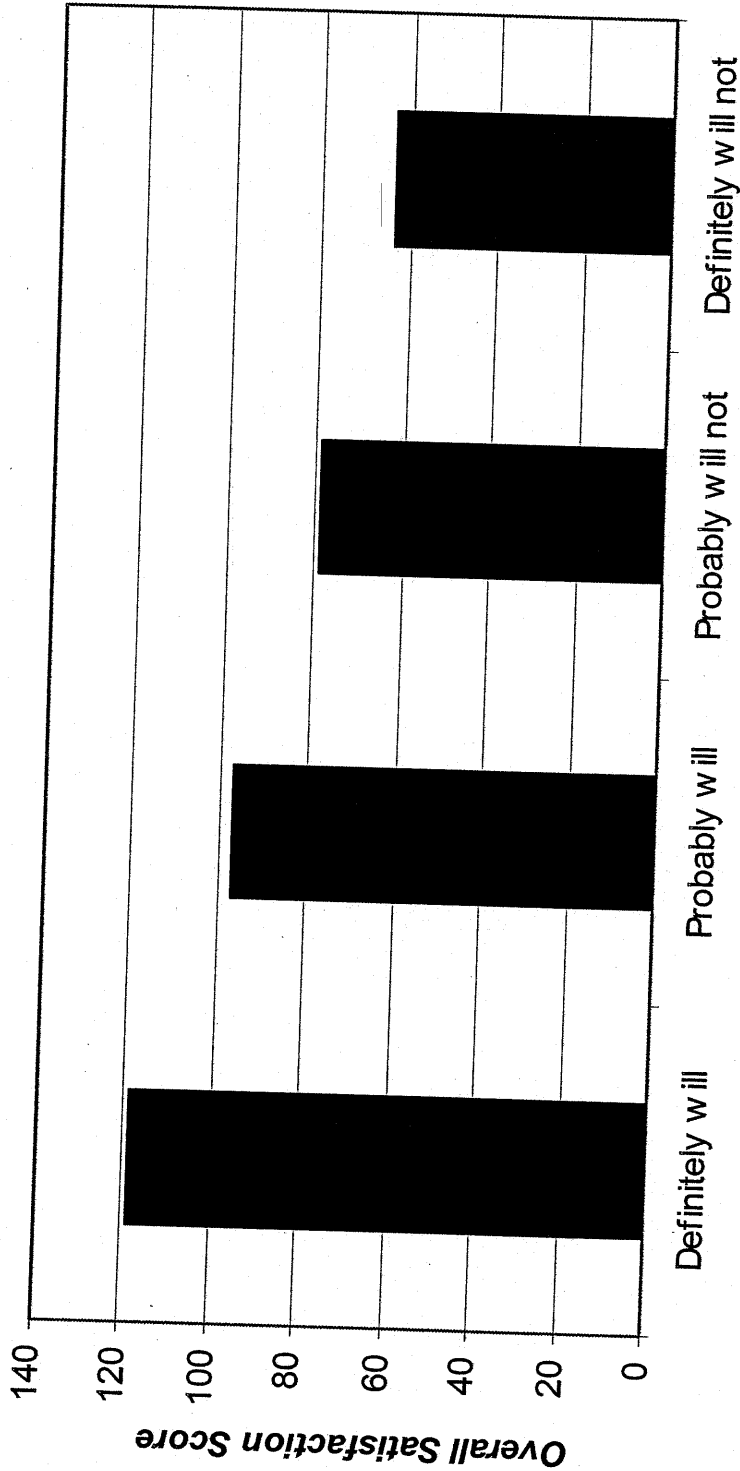


Gas Satisfaction Factor Weights



Satisfied Customers "Spread the Word"

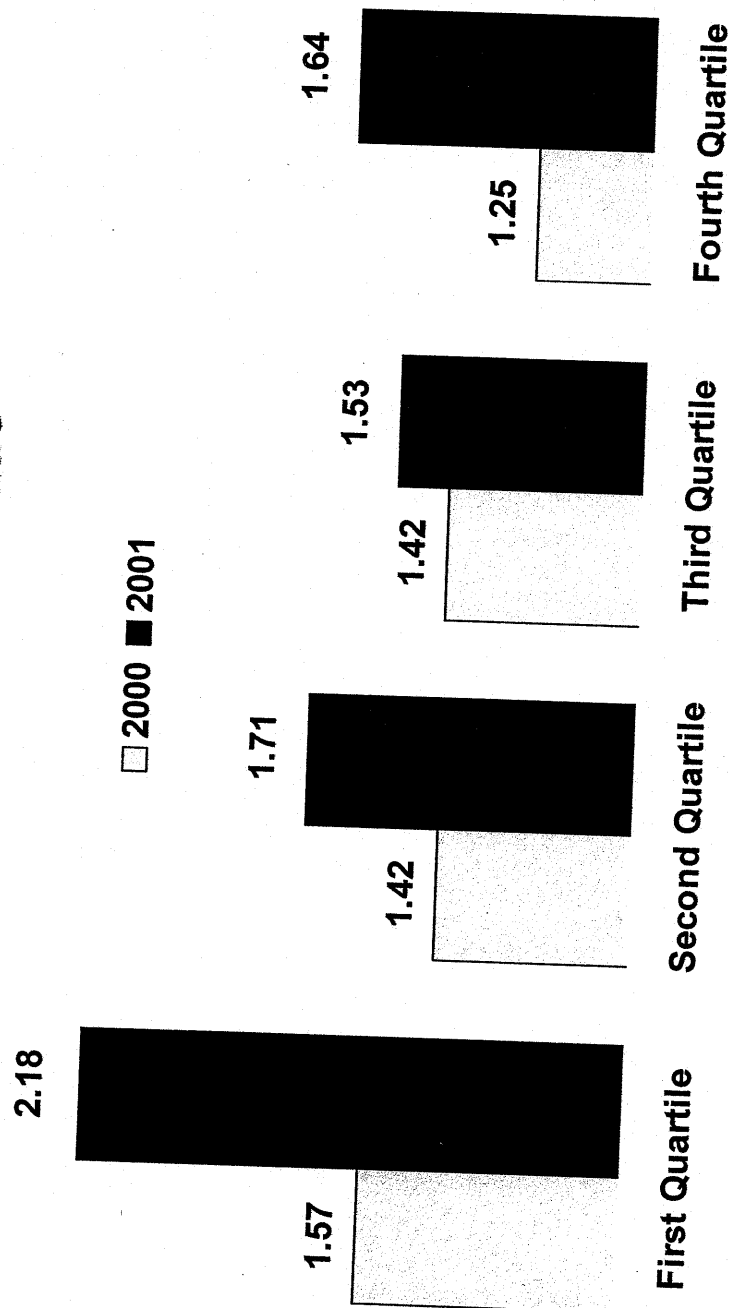
The more satisfied customers are, the more likely they are to recommend their utility to others



Source: J. D. Power and Associates 2001 Residential Satisfaction Study

Satisfaction Creates Value

Price-to-Book Ratio



Rank By Customer Satisfaction Index

Structure of Study

- Timing
 - Annual study completed in early July
 - Results published in October
- Survey Tool
 - 11,000 telephone responses will be conducted
- Survey Length
 - Interview length will be approximately 15- to 20-minute long
- Sample size per company
 - 150-200 respondents per company

Not enough for us . . .
- Research Database
 - Responses to every survey questions
 - CD-ROM
 - Name of each utilities
 - Regional breakouts
 - Operating company data with Parent company rollups
- Replicate Proven J.D. Power and Associates Methodology
 - Call for a copy of methodology paper

Value-Added Support

- Analysis and Support
 - Menu-driven, windows-based cross tab tool
 - We can analyze and operationalize data at company through best practice and benchmark analysis
 - Review of data before press release date
- Oversampling Potential
 - Low-cost way to increase sample size and/or probe additional topics
- Inter-industry Comparisons
 - Our staff can lead comparisons and benchmark to other industries
- Recommendations
 - Our staff can develop recommendations on important topics based on our data
- Free Conferences
 - Seasonal conferences to network and hear presentation on topics around the factors we study (image, customer service, value, billing)
- Management Presentations
 - We present findings on an industry and individual company level at client's site

April 8, 2002

David Trusty
Vice President
Piedmont Natural Gas
1915 Rexford Avenue
P.O. Box 33068
Charlotte, NC 28233

Dear Mr. Trusty:

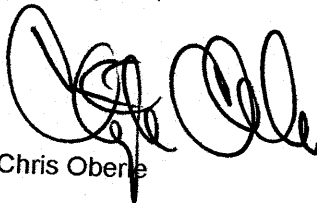
I am pleased to announce that J.D. Power and Associates' (JDPA) Energy Practice will premiere its Residential Gas Customer Satisfaction Study in October of 2002. This addition to our landmark electric utility studies will be the first to bring the following benefits to the gas utility industry:

- National media attention to regional and national rankings of gas utilities by customer satisfaction levels
- Proven JDPA expertise in developing factor models to establish comparable index scores by utility companies
- Combination and gas-only utility comparisons
- Database of price/value, customer service, billing/payment, safety and reliability and company image questions that probe deep into each topic and how they impact satisfaction and company market position
- Utility-specific product demand, pricing plans, customer service metrics and cost factor tradeoffs
- Details provided by parent company name, operating company name, region and customer demographics for each utility we survey
- Onsite management presentations of the data, data analysis, market advisory and oversampling on topics important to your company

To remain completely impartial to the data collection and scoring, JDPA will finance the study itself and provide the ability of each company in the study to subscribe to the database. Your company will be able to sort by the over 100 questions we survey in 20 minute telephone surveys. You will be able to compare yourself to your region, the nation or specific peers you identify by name. Our electric clients have found this data invaluable for benchmarking and analyzing their operations and marketing efforts.

Since your company will be part of our dataset, we will have a substantial number of responses for your company to analyze. Please review the study prospectus I am enclosing with this correspondence. If you believe this study could prove invaluable for your management, simply fill out the enclosed study order form and fax it back to the number on the form. I have established a special early subscriber rate if you purchase by April 26, 2002. In the meantime, please feel free to contact me at (949) 636-5953 anytime to discuss this study in more detail. I look forward to working with you.

Best regards,



Chris Oberle

Christopher L. Oberle, Senior Director
(949) 636-5953
Chris.Oberle@jdpa.com

Fax Transmission

Date:		From:	
To:	Jim Gaz, Director of Research	Title:	
Company:	J.D. Power and Associates	Phone:	
Phone:	805-480-3149	Fax:	
Fax:	805-480-3241	Address:	
E-mail:	jim.gaz@jdpa.com	City, State, Zip:	
Re:	2002 Syndicated Utility Studies	E-mail:	

2002 Syndicated Study Order Form

I _____ (print name), as a representative of
_____ (company name) agree to subscribe to the following study
offer from J.D. Power and Associates. Please call Chris Oberle with questions at 949-636-5953.

Study Price if Ordered by April 26, 2002

2002 Natural Gas Utility Residential Customer Satisfaction Study	\$35,000
Early Subscriber Discount	(\$5,000)
Total Cost	\$30,000

If you would like us to reference a Purchase Order Number on your invoice please provide that number here: _____. Invoices will be distributed for each study during the month of their release. If you would like us to adjust the timing of your invoice please call Jim Gaz.

_____ (signature)

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Residential Gas Questionnaire Summary

Q1 Natural gas service to your home? Yes or No

No = Non Gas Users Questions

Q1a How do you mainly heat your home?

Q1b Rate heating fuel provider

Q1c Preferred way to heat your home

Q1d Prefer natural gas as energy source

Q1e Major appliances - gas energy source

Q1f Local natural gas utility

Q1g Likelihood to switch to natural gas

Q1h How cost efficient are gas appliances

Yes = Gas Users Questions

Brand Awareness and Identification

Q2 Name of Natural Gas Company - unaided

Q2a Named Parent/LCD Brand Name - aided

Usage Information

Q3aa Fuel source used for Water Heater

Q3ab Fuel source used for Clothes Dryer

Q3ac Fuel source used for Stove Top

Q3ad Fuel source used for Oven

Q3ae Fuel source used for Heating Unit

Q3af Fuel source used for Fireplace

Q3ag Fuel source used for Outdoor Grill/BBQ

Q3b Appliances preferred gas as fuel source (MK)

Q4 Familiar w/ rebate programs from utility

Billing & Payment

Q5 Payment plan

Q6 How do you pay your gas bill

Q7 Payment method most attractive to you

Q8 Ease of finding exact amount to pay

Q9 Accuracy of bill

Q10 Ease of understanding your bill

Q11 Length of time to pay w/o penalty

Q12 Usefulness of options to pay your bill

Q13 Overall billing/payment process

Q14 How do you handle inserts with bill

Q15 Rate usefulness of inserts

Q16 How often does utility read your meter

Q17 Services included in bill

Price & Value

Q18 Avg. mo. natural gas - Nov.-Apr.

Q19 Avg. mo. natural gas - May-Oct.

Average monthly gas cost (calculated)

Q20 Availability of pricing options

Q21 Total monthly cost of gas service

Q22 Fairness of pricing

Q23 Ability to help reduce mo. bill

Q24 Overall value for amount paid

Field Service

Q25 Observed field service workers

Q26 Task being performed

Q27 Quality of work performed

Q28 Appearance

Q29	Attention to safety
Q30	Overall field service workers
Customer Service	
Q31	Number of calls to gas co.
Q32	# of calls completely handled by ATRS
Q33	ATRS only - reason for recent call
Q34	ATRS solves prob./answers question
Q35	Spoke to CSR - reason for recent call
Q36	Promptness in speaking to CSR
Q37	Had to speak w/ more than one CSR
Q38	Rep. - being courteous and friendly
Q39	Rep. - having sufficient knowledge
Q40	Rep. - answer question/solve problem
Q41	Rep. - time needed to answer question
Q42	Overall customer service
Q43	How long on hold to speak to CSR
Q44	How long on phone with CSR
Q43+Q44	Total Length of Call
Company Image	
Q45	Concern for the environment
Q46	Commitment to the local community
Q47	Being honest and ethical
Q48	Effectively communicates changes
Q49	Educating you on being safe
Q50	Offer variety of services/options
Q51	Overall reputation
Q52	OSAT with Natural Gas Company
Q53	Maintain a safe gas system
Q54	Provide dependable gas service
Recommended Improvements	
Q55	One area gas utility should improve
Q56	Support if \$1
Loyalty and Choice	
Q57	Choice already exists in your area
Q58	Switched natural gas supplier
Q59	Likelihood to switch gas supplier
Q60	Minimum % discount to switch
Q61	Likelihood to recommend gas utility
Product Provider and Demand	
Q62	Major appliance maintenance/repair svc
Q63	Natural gas/electric service warranty
Q64	New major household appliance
Q65	Internet/phone/wireless services
Q66	Major appliance maintenance/repair svc
Q67	Natural gas/electric service warranty
Q68	New major household appliance
Q69	Internet/phone/wireless services
Demographics	
Q70	Time-customer of gas utility
Q71	Number of people in home
Q72	Do you have a computer at home
Q73	Internet access
Q74	Number of hours spent on Internet
Q75	Visited n. gas utility's web site
Q76	Info. Accessed on utility's web site

	Q77 OSAT w/ n. gas utility's web site
	Q78 Last year of school completed
	Q79 In what year were you born?
	Q80 Annual HH income before taxes
	Q81 Turned off natural gas service?
	Age of respondent
	Gender of respondent
	County
	State
	Zip Code