

TENNESSEE REGULATORY AUTHORITY

Deborah Taylor Tate, Chairman
Pat Miller, Director
Sara Kyle, Director
Ron Jones, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

September 11, 2003

VIA ELECTRONIC MAIL AND U.S. MAIL

R. Dale Grimes, Esq.
Counsel for Piedmont Natural Gas Company
315 Deaderick Street, Suite 2700
Nashville, TN 37238

Mr. Bill Morris
Director of Corporate Planning & Development
Piedmont Natural Gas Company
1915 Rexford Road
Charlotte, NC 28233

Timothy Phillips, Esq.
Assistant Attorney General
Office of the Attorney General, Consumer Advocate Division
P.O. Box 20207
Nashville, TN 37202

Re: **Docket No. 03-00313** - 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

Dear Mr. Grimes, Mr. Morris and Mr. Phillips:

In order for the TRA to properly evaluate the proposed settlement between Nashville Gas Company and the Consumer Advocate and Protection Division of the Attorney General's Office ("CAPD"), outlined in the Stipulation presented to the Authority on September 9, 2003, The TRA requests that the Company and the CAPD furnish an original and thirteen (13) copies of the information requested below to the TRA's Docket Room. Additionally, in order to expedite the TRA's review of this information in advance of the scheduled Authority Conference on September 22, it will be necessary for both the Company and the CAPD to respond by email directly to the TRA no later than 4:30 P.M. on Monday, September 15, 2003. Direct your emails to:

Pat.Miller1@state.tn.us

Mr. Morris and Mr. Phillips

9/11/2003

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If you have any questions regarding this data request, please contact me at (615) 741-2904, extension 174, prior to responding.

Sincerely,

William H. Novak by Randal D. Gilliam
with permission

William H. Novak, Chief
Energy and Water Division

c: Deborah Taylor Tate, Chairman
Pat Miller, Director
Sara Kyle, Director
Ron Jones, Director
Sharla Dillon, Docket File No. 03-00313
Richard Collier, Chief Counsel
Randal Gilliam, Counsel
Administrative Aides
Greg Mitchell, Public Information Officer
Aster Adams, Chief of Economic Analysis

Mr. George H. Godwin, Jr., Executive Director
Associated Valley Industries, Inc.
1204 Cleo Avenue, SE
Decatur, AL 35601

StipulationDataRequest-1

Rate Base

1. According to Item 8a of the Stipulation, the parties have settled on a Rate Base of \$259,859,927. Provide a schedule laying out the components of this Rate Base including Working Capital and Lead Lag results, in a format consistent with Exhibit CAPD, Schedules 2, 3, 4, and 5. Include in these schedules appropriate documentation showing the adjustments agreed to by the parties as described in Item 6 of the Stipulation.

Operating Income

2. According to Item 8b of the Stipulation, the parties have settled on an operating income under current rates of \$15,602,432. Provide schedules laying out the details of this Operating Income in a format consistent with Exhibit CAPD, Schedules 7 & 8. Include in these schedules appropriate documentation showing all adjustments agreed to by the parties as described in Item 6 of the Stipulation.
3. According to Footnote 1 of the Stipulation, the parties state that the TRA Staff has identified certain adjustments that are taken into account in the proposed \$10,300,000 increase in base rates. Provide a schedule documenting how these changes were taken into account in the calculation of Rate Base and Operating Income.
4. According to item 6 (j) of the Stipulation, the Company has eliminated the expense related to the short-term incentive plan (MVP). Have the parties also eliminated the effects of other similar employee incentive plans, such as the Long-Term Incentive plan, the IS Premium Skills Incentive Award, and the Gas Supply Incentive Compensation Program? Provide a calculation of the total amount of all employee incentive plans.

Rate Design

5. Refer to Schedule 1 of the Stipulation. Provide a calculation showing the base margin rates along with the attrition period determinants that produce the proposed revenue increase contained in the Stipulation, in the same format as Exhibit CAPD, Schedule 13, Pages 1 and 2.
6. Refer to Schedule 2 of the Stipulation. Provide a calculation of both the dollar and percentage impact on each rate schedule, within each rate class, for the fixed cost reallocation included in the parties proposed Stipulation.

7. Refer to Schedule 3 of the Stipulation.
 - a. Provide a copy of the Company's weather normalization calculation that supports each of these WNA components.

Capital Structure, Cost of Capital, Rate of Return

8. Refer to Stipulation 6 on Page 2. Provide capital structure, the embedded cost of debt, return on equity, and the overall cost of capital proposed by each party during the settlement negotiations.