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August 3, 2004

VIA HAND DELIVERY

Mr. Pat Miller, Chairman
TENNESSEE REGULATORY AUTHORITY
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: *Petition of Nashville Gas Company, A Division of Piedmont Natural Gas Company, Inc., for Approval of Negotiated Franchise Agreement With The Metropolitan Government of The City of Nashville and Davidson County, Tennessee Pursuant to TCA § 65-4-107*
Docket No. 04-00097

Dear Chairman Miller:

Enclosed please find the original and fifteen (15) copies of the revision of the rate applied to Nashville Gas Company's Davidson County customers for the collection of the Metro Franchise Fee for the next year. The original and thirteen copies are for the use of the TRA. Please stamp the other two copies and return them to me by way of our courier.

Should you have any questions concerning the enclosed, please do not hesitate to contact me.

Thanking you in advance for your assistance with this matter, I am

Very truly yours,



R. Dale Grimes

RDG/smb
Enclosures

cc: Karl F. Dean, Esq. (Via Hand Delivery)



August 3, 2004

Mr. Hal Novak, Chief
Gas, Water and Electric Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Dear Hal:

In accordance with the Order in Docket U-7074, Nashville Gas Company submits the attached revision of the rate applied to its Davidson County customers for the collection of the Metro Franchise Fee for the next year. As the attached schedules show, the new rate is calculated to be 6.04%.

It is requested that any necessary waivers be granted to permit this filing to become effective September 1, 2003.

Sincerely,

A handwritten signature in black ink, appearing to read "David Carpenter".

David R. Carpenter
Director-Rates

Enclosure

C: Pat Murphy, Senior Financial Analyst, Energy and Water Division

NASHVILLE GAS COMPANY
Metro Franchise Fee
Rate Calculation

Projected Nashville Gas Revenues Subject to Metro Franchise Fee	\$231,294,594	A/
Rate	5.00%	

Metro Franchise Fee	11,564,730	
Less Overcollection from Previous Months	(194,550)	A/
Plus Fee per Section 2 of Ordinance	262,200	

Total Estimated Franchise Fee to be Collected	11,632,380	
Divided by Estimated Davidson County Revenues	192,728,525	B/

Franchise Fee Rate to be Charged Davidson County Customers	6.04%	
	=====	

A/ See Attached Worksheets

B/ Nashville Gas Regular Sales	\$231,294,594
% Inside Davidson County (See Attached Worksheet)	83.33%

	\$192,728,525
	=====

NASHVILLE GAS COMPANY
Sales Volumes
Therms

	Outside Davidson County A/ -----	Inside Davidson County -----	Total -----
Gas Sales & Transp.	48,364,334 =====	241,693,980 =====	290,058,314 =====
Percentage	16.67% =====	83.33% =====	100.00% =====

A/ Total Outside		67,655,197
Less:		
Ashland City	4,812,190	
Greenbrier	1,231,073	
Fairview	738,547	
White House	1,974,474	
Mt. Juliet	6,379,682	
Hartsville	663,405	
Franklin	3,491,492	
		<u>19,290,863</u>
		48,364,334

NASHVILLE GAS COMPANY
Volumes - Therms

Service Area Code	Inside Davidson	Outside Davidson	Total
600 Antioch	9,727,612	0	9,727,612
601 Ashland City		4,812,190	4,812,190
602 Burns	0	38,726	38,726
603 Bellvue	0	0	0
604/627 Brentwood	3,058,780	13,783,151	16,841,931
605 Cottontown	0	10,166	10,166
606 Fairview	0	738,547	738,547
607 Franklin	0	3,491,492	3,491,492
608 Greenbrier	0	1,231,073	1,231,073
609/628 Goodlettsville	3,135,127	1,314,819	4,449,946
610 Hendersonville	0	10,500,969	10,500,969
611 Hermitage	6,185,592	0	6,185,592
612 Joelton	425,552	0	425,552
613 Kingston Springs	0	0	0
614 Lavergne	0	13,186,493	13,186,493
615 Madison	8,645,716	0	8,645,716
616 Millersville	95,951	7,758	103,709
617 Mt. Juliet	0	6,379,682	6,379,682
618 Nashville	192,807,808	4,433,829	197,241,637
619 Old Hickory	17,086,495	4,945,764	22,032,259
620 Ridgetop	0	0	0
622 Smyrna	0	123,050	123,050
623 Springfield	0	19,609	19,609
624 White House-R	0	1,600,461	1,600,461
625 White House-S	0	374,013	374,013
626 Hartsville	0	663,405	663,405
629 Whites Creek	<u>525,347</u>	<u>0</u>	<u>525,347</u>
Total	241,693,980	67,655,197	309,349,177

NASHVILLE GAS COMPANY
Metro Franchise Fee
Collection Analysis

<u>Period</u>	<u>Total Revenue</u>	<u>Uncollected</u>	<u>Amount Revenue</u>	<u>5% Franchise Fee</u>	<u>Amount Collected</u>	<u>Over (Under) Collected</u>
6/03-11/03	\$47,960,899	(\$676,783)	\$47,284,116	\$2,364,206	\$2,114,861	(\$249,345)
12/03-5/04	<u>129,117,522</u>	<u>(1,304,850)</u>	<u>127,812,672</u>	<u>6,390,634</u>	<u>6,834,528</u>	<u>443,894</u>
Totals	\$177,078,421	(\$1,981,633)	\$175,096,788	\$8,754,839	\$8,949,389	\$194,550

TENNESSEEREVENUES

2005 Budget

Revenue	Nov-2003	Dec-2003	Jan-2004	Feb-2004	Mar-2004	Apr-2004	May-2004	Jun-2004	Jul-2004	Aug-2004	Sep-2004	Oct-2004	Total
Residential-Volumetric	13,212,974	21,243,511	24,458,741	18,823,034	13,706,936	6,679,920	2,754,750	1,469,948	1,483,879	1,487,276	2,045,657	6,455,476	113,821,902
Residential-F/C	1,788,332	1,814,345	1,827,761	1,837,992	1,844,492	1,405,560	1,404,140	1,392,250	1,387,470	1,398,550	1,390,300	1,386,960	18,878,172
Residential	15,001,306	23,057,856	26,286,502	20,661,026	15,551,428	8,085,400	4,158,890	2,862,098	2,871,349	2,875,826	3,435,957	7,852,436	132,700,074
S/M General Service-Volumetric	8,118,443	12,317,464	14,039,174	10,977,752	8,409,533	4,731,974	2,747,889	2,059,327	2,111,857	2,112,523	2,344,693	4,609,928	67,625,937
S/M General Service-F/C	487,375	496,974	503,325	504,838	503,661	500,558	492,148	487,421	485,507	481,982	480,693	481,534	5,905,918
S/M General Service	8,605,818	12,814,438	14,542,499	11,482,590	8,913,194	5,232,532	3,240,037	2,546,748	2,597,364	2,594,405	2,825,386	5,091,462	80,486,474
Large General Service	1,218,696	1,632,566	1,943,296	1,612,677	1,154,157	812,285	696,637	658,512	626,827	677,315	689,051	801,418	12,533,437
Industrial	452,623	499,296	511,665	507,600	424,298	395,984	388,543	350,130	331,915	289,638	314,763	352,256	4,818,613
Special Contract	63,540	63,980	64,635	64,065	63,295	62,645	62,325	62,065	61,995	62,225	62,295	63,050	756,995
Power Generation	-	-	-	-	-	-	-	-	-	-	-	-	0
TENNESSEE TOTAL	25,341,984	38,088,017	43,348,597	34,327,858	26,106,371	14,588,847	8,546,432	6,479,553	6,489,450	6,499,409	7,337,452	14,160,623	231,264,594

PIEDMONT NATURAL GAS COMPANY
Nashville Gas Division
Billing Rates Effective September 1, 2004

Rate Schedule	Rate Class	Description	Tariff Rate Approved In Docket No. 03-0313 <1>	Cumulative PCA Demand <2>	Commodity <3>	Current Refund <4>	Current ACA <5>	Current IPA <6>	Total Adj. Factor (Sum Col 2 thru Col 6) <7>	Proposed Billing Rate (Col 1+Col 7) <8>
Residential	301	Customer Charge-Nov-Mar	\$13.00							\$13.00
		Customer Charge-Apr-Oct	\$10.00							\$10.00
		Value Nov-Mar per TH	0.32000	0.01750	0.71155	0.00000	0.01310	0.00718	0.74933	1.06833
		Value Apr-Oct per TH	0.27000	0.01750	0.71155	0.00000	0.01310	0.00718	0.74933	1.01933
Small General	302	Standard Nov-Mar per TH	0.32000	0.04733	0.71155	0.00000	0.01310	0.00718	0.77916	1.09916
		Standard Apr-Oct per TH	0.27000							1.04916
		Customer Charge	\$29.00							\$29.00
		Standard Nov-Mar per TH	0.35400	0.04811	0.71155	0.00000	0.01310	0.00718	0.77994	1.13394
Medium General	303	Standard Apr-Oct per TH	0.30300	0.04811	0.71155	0.00000	0.01310	0.00718	0.77994	1.08294
		Value First 2,000 TH/TH (Nov-Mar)	0.35400	0.01883	0.71155	0.00000	0.01310	0.00718	0.74886	1.10286
		Value Over 2,000 TH/TH (Nov-Mar)	0.35400	0.00903	0.71155	0.00000	0.01310	0.00718	0.74086	1.09486
		Value First 2,000 TH/TH (Apr-Oct)	0.30300	0.01883	0.71155	0.00000	0.01310	0.00718	0.74886	1.05186
Industrial	304	Value Over 2,000 TH/TH (Apr-Oct)	0.30300	0.00903	0.71155	0.00000	0.01310	0.00718	0.74086	1.04386
		Customer Charge	\$75.00							\$75.00
		Standard Nov-Mar per TH	0.35400	0.01750	0.71155	0.00000	0.01310	0.00718	0.74933	1.10333
		Standard Apr-Oct per TH	0.30300	0.01750	0.71155	0.00000	0.01310	0.00718	0.74933	1.05233
Firm	305	Value First 5,000 TH/TH (Nov-Mar)	0.35400	0.01846	0.71155	0.00000	0.01310	0.00718	0.74829	1.10229
		Value Over 5,000 TH/TH (Nov-Mar)	0.35400	0.00890	0.71155	0.00000	0.01310	0.00718	0.74073	1.09473
		Value First 5,000 TH/TH (Apr-Oct)	0.30300	0.01846	0.71155	0.00000	0.01310	0.00718	0.74829	1.05129
		Value Over 5,000 TH/TH (Apr-Oct)	0.30300	0.00890	0.71155	0.00000	0.01310	0.00718	0.74073	1.04373
Transportation	306	Customer Charge	\$300.00							\$300.00
		Peak Demand (Per DT)	8.00000	4.92520	0.71155	0.00000	-2.57710	0.00718	2.34810	10.34810
		First 15,000 TH/TH	0.09742	0.00374	0.71155	0.00000	0.02995	0.00718	0.75242	8.4984
		Next 25,000 TH/TH	0.08953	0.00222	0.71155	0.00000	0.02995	0.00718	0.75090	8.4043
Firm	307	Next 50,000 TH/TH	0.06450	0.00172	0.71155	0.00000	0.02995	0.00718	0.75040	8.1490
		Over 90,000 TH/TH	0.02764	0.00000	0.71155	0.00000	0.00000	0.00718	0.71873	0.74637
		Customer Charge	\$300.00							\$300.00
		First 15,000 TH/TH	0.09742	0.00333	0.71155	0.00000	0.02995	0.00718	0.76201	8.7943
Transportation	308	Next 25,000 TH/TH	0.08953	0.01672	0.71155	0.00000	0.02995	0.00718	0.76540	8.5493
		Next 50,000 TH/TH	0.06450	0.01374	0.71155	0.00000	0.02995	0.00718	0.76242	8.2992
		Over 90,000 TH/TH	0.02764	0.01019	0.71155	0.00000	0.00000	0.00718	0.72892	0.75656
		Customer Charge	\$300.00							\$300.00
Firm	309	Peak Demand (Per DT)	8.00000	4.92520	0.71155	0.00000	-2.57710	0.00718	2.34810	10.34810
		First 15,000 TH/TH	0.09742	0.00262	0.71155	0.00000	-0.00121	0.00000	0.00141	0.09883
		Next 25,000 TH/TH	0.08953	0.00171	0.71155	0.00000	-0.00121	0.00000	0.00050	0.09003
		Next 50,000 TH/TH	0.06450	0.00100	0.71155	0.00000	-0.00121	0.00000	-0.00021	0.06429
Transportation	310	Over 90,000 TH/TH	0.02764	0.00000	0.71155	0.00000	0.00000	0.00000	0.00000	0.02764
		Customer Charge	300.00							300.00
		First 15,000 TH/TH	0.09742	0.00282	0.71155	0.00000	-0.00121	0.00000	0.00161	0.09903
		Next 25,000 TH/TH	0.08953	0.00188	0.71155	0.00000	-0.00121	0.00000	0.00057	0.09020
Resale Service	311	Next 50,000 TH/TH	0.06450	0.00106	0.71155	0.00000	-0.00121	0.00000	-0.00015	0.06435
		Over 90,000 TH/TH	0.02764	0.00000	0.71155	0.00000	0.00000	0.00000	0.00000	0.02764
		Demand per DT	8.00000	4.92519	0.71155	0.00000	-2.57611	0.00718	2.34908	10.34908
		Commodity Charge	0.09000	0.00083		0.00000	0.03116		0.75082	0.84082

NOTE: In accordance with the Tennessee Public Service Commission order in Docket U-7074 customers metered inside Davidson County are required to pay an additional 6.04% for collection of the Metro Franchise Fee. Customers served by the Fairview, Greentree, Hartsfield, Mt. Juliet and White House systems are required to pay 5.0%. Customers served by the Franklin system are required to pay 3%. Commercial customers on the Ashland City system are required to pay 5%.