

**BASS, BERRY & SIMS PLC**  
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April 13, 2007

**VIA HAND DELIVERY**

Chairman Sara Kyle  
c/o Sharla Dillon – Docket Manager  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243

***Re: Review of Nashville Gas Company's IPA Relating to Asset Management  
Fees; Docket No. 05-00165***

Dear Chairman Kyle:

Enclosed please find the original and sixteen (16) copies of Nashville Gas Company's Negotiation Status in the above-referenced matter.

Please return two copies of the Negotiation Status, which I would appreciate your stamping as "filed," and returning to me by way of our courier.

Should you have any questions with respect to this filing, please do not hesitate to contact me at the telephone number listed above.

With kindest regards, I remain

Very truly yours,

R. Dale Grimes

RDG/ms  
Enclosures

cc: James H. Jeffries IV, Esq.

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>REVIEW OF NASHVILLE GAS COMPANY'S IPA</b>	)	<b>DOCKET NO. 05-00165</b>
<b>RELATING TO ASSET MANAGEMENT FEES</b>	)	

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**NASHVILLE GAS COMPANY'S NEGOTIATION STATUS UPDATE**

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Nashville Gas Company, a division of Piedmont Natural Gas Company, Inc. ("Nashville Gas" or the "Company"), through counsel and consistent with the commitments made at the March 12, 2007 Authority Agenda Conference, respectfully submits the following update on the status of negotiations with the TRA Staff and the Consumer Advocate Division of the Tennessee Attorney General's Office ("CAD") in this proceeding.

As the Authority is aware, negotiations in this proceeding have been ongoing for some time. These negotiations have been undertaken in good faith by Nashville Gas, the TRA Staff and the CAD. Substantial progress on an agreed resolution of a number of issues of concern to the TRA Staff and CAD has been made.

Since the March 12, 2007 Agenda Conference, representatives of the Company, the TRA Staff and the CAD have focused on issues related to certain aspects of the Company's supply portfolio. These activities have included a joint conference call at which these matters were discussed and the delivery this week of additional information about the Company's evaluation and selection of recently added incremental capacity. Nashville Gas anticipates that further discussions between the negotiating parties will occur following the review of this information by the TRA Staff and the CAD.

Respectfully submitted, this the 13th day of April, 2007.

Nashville Gas Company

13.17 Grimes

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by RDL  
w/ permission

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the Negotiation Status Update is being served upon the parties in this action via US mail, postage prepaid addressed as follows:

David Carpenter  
Managing Director, Regulatory Affairs  
Piedmont Natural Gas Company  
P.O. Box 33068  
Charlotte, NC 28233

Joe Shirley  
Assistant Attorney General  
Office of the Attorney General  
Consumer Advocate and Protection Division  
Post Office Box 20207  
Nashville, Tennessee 37202

Gary Hotvedt  
Tennessee Regulatory Authority Staff  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

This the 13th day of April, 2007.

  
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R. Dale Grimes