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April 20, 2006

RECEIVED
TN REG. AUTHORITY
OTHER OFFICES
NASHVILLE MUSIC ROW
KNOXVILLE
MEMPHIS

APR 20 P.M.

ENERGY & WATER DIVISION

VIA E-MAIL AND HAND DELIVERY

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

06-00128

T.R.A. DOCKET ROOM

2006 APR 20 PM 1:51

PROCTER

**RE: APPLICATION OF NASHVILLE GAS COMPANY FOR MODIFICATION OF
TARIFFS AND SERVICE REGULATIONS**

Dear Chairman Jones:

Enclosed please find the original and four (4) copies of the following documents for filing along with a check in the amount of \$25.00 for filing fees:

1. Petition;
2. Exhibit A: Rate Schedule No. 313– Firm Transportation Service and Rate Schedule No. 314 – Interruptible Transportation Service (red-lined version);
3. Exhibit B: Rate Schedule No. 313 – Firm Transportation Service and Rate Schedule No. 314 – Interruptible Transportation Service (clean version); and
4. Exhibit C: Customer Agent Agreement (Appendix A).

The above-listed documents have been emailed to the Docket Manager, Sharla Dillon, in lieu of sending additional ten (10) copies.

Also enclosed are two (2) additional copies, which I would appreciate your stamping as “filed,” and returning to me by way of our courier.

Chairman Ron Jones
April 20, 2006
Page 2 of 2

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,

A handwritten signature in black ink, appearing to read "R. Dale Grimes". The signature is written in a cursive, flowing style.

R. Dale Grimes

RDG/ms
Enclosures

cc: James H. Jeffries IV, Esq.

RECEIVED
TN REG. AUTHORITY

APR 29 2 00 PM
BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE: **ENERGY & WATER DIVISION**

APPLICATION OF NASHVILLE GAS
COMPANY FOR MODIFICATION OF
TARIFFS AND SERVICE REGULATIONS

Docket No. 06-00128

PETITION

Nashville Gas Company ("Nashville Gas" or the "Company"), through counsel and pursuant to Rules 1220-4-1-.03(2), 1220-4-1-.04, and 1220-4-1-.06 of the Rules of the Tennessee Regulatory Authority ("Authority"), respectfully submits and requests approval of limited changes to its rate schedules and service regulations in order to implement additional protective measures for itself and its transportation customers in the context of third-party agent operations on the Nashville Gas system. The proposed changes to Nashville Gas' tariffs and service regulations are described herein and clean and red-lined copies of Nashville Gas' proposed and current approved rate schedules and service regulations are attached hereto. These proposed tariff changes are prompted by actual events on the Nashville Gas system this winter which have negatively impacted both Nashville Gas and its customers and which have highlighted risks associated with the operations of third-party agents on Nashville Gas' system in certain circumstances. No change in Nashville Gas' rates or charges is contemplated by this filing. Nashville Gas proposes that these tariff changes be made effective thirty (30) days after the date of filing. In support of its proposed tariff changes Nashville Gas respectfully shows unto the Authority the following:

1. It is respectfully requested that any notices or other communications with respect to this Petition be sent to:

Kim R. Cocklin
Senior Vice President & General Counsel
Piedmont Natural Gas Company, Inc.
Post Office Box 33068
Charlotte, NC 28233
Telephone: 704-364-3120

And

R. Dale Grimes
Bass, Berry & Sims PLC
315 Deaderick Street, Suite 2700
Nashville, TN 37238-3001
Telephone: 615-742-6244

And

James H. Jeffries IV
Moore & Van Allen PLLC
100 North Tryon Street, Suite 4700
Charlotte, NC 28202-4003
Telephone: 704-331-1079

2. Nashville Gas is an operating division of Piedmont Natural Gas Company, Inc. ('Piedmont'), which is incorporated under the laws of the state of North Carolina and is duly authorized by its Articles of Incorporation to engage in the business of transporting, distributing and selling natural gas. Piedmont is duly domesticated and is engaged in conducting the business above mentioned in the states of Tennessee, North Carolina and South Carolina. Nashville Gas is a public utility under the laws of this State, and its public utility operations in Tennessee are subject to the jurisdiction of this Authority.

3. Nashville Gas has been previously granted Certificates of Public Convenience and Necessity authorizing it to acquire certain gas franchises and properties in the state of Tennessee. Nashville Gas holds franchises and is furnishing natural gas to customers in various cities and towns in Tennessee.

4. Under Nashville Gas' approved transportation rate schedules (Rate Schedule 313 – Large General Transportation Service and Rate Schedule 314 – Interruptible Transportation Service) Nashville Gas' customers are permitted to appoint third-party agents to

act on their behalf for the purpose of making nominations, managing imbalances, and for billing by executing and delivering to Nashville Gas an Agency Authorization Form which is also signed by the third-party agent.¹ Under this arrangement, and as provided in the Agency Authorization Form, Customers and third-party agents are jointly and severally liable to Nashville Gas for any amounts due Nashville Gas under the applicable rate schedule, including cash-out payments and penalties. Third-party agents operating on the Nashville Gas system may act on behalf of one or more customers and are required to comply with the provisions of the applicable rate schedule under which transportation service is provided as well as Nashville Gas' service regulations.

5. Other than these general requirements and certain generally applicable internal operational requirements, no separate tariff provisions govern the actions of third-party agents on the Nashville Gas system. This is due, in part, to the fact that third-party agents have not historically been considered to be customers of Nashville Gas (i.e. they do not consume any gas purchased from or delivered by Nashville Gas). Instead, third-party agents act on behalf of Nashville Gas' transportation customers performing functions the customers would otherwise have to perform themselves with respect to Nashville Gas' services such as nomination and imbalance management and billing/payment activities. Third-party agents also frequently perform tasks for Nashville Gas' customers that are tangential to the services provided by Nashville Gas, such as arranging transportation on upstream pipelines and obtaining gas supplies. All of these functions are provided pursuant to discrete and individual contractual arrangements between the third-party agents and Nashville Gas' customers. Nashville Gas is not a party or privy to these arrangements.

6. Under this structure, it is the responsibility of Nashville Gas' customers to protect themselves from any potential harm (such as cash-out or penalty liability) that can result from actions taken by their designated third-party agents.

¹ These third-party agents are more commonly referred to as marketers

7. Notwithstanding the fact that third-party agents have not historically been considered to be customers of Nashville Gas, their actions do have a significant impact on Nashville Gas' day-to-day operations because they are integrally involved in making nominations for transportation services, arranging for gas supplies to be delivered to Nashville Gas' city gate, and handling the payment of bills for transportation service (including imbalance cash-out payments) on behalf of multiple customers

8. Historically, Nashville Gas has not experienced significant difficulties with the operations of third-party agents on its system as they have, for the most part, behaved responsibly and in conformance with the provisions of Nashville Gas' various transportation rate schedules and Nashville Gas' service regulations. That experience changed this past winter.

9. In early December, 2005, one of the third-party agents operating on Nashville Gas' system, who was acting on behalf of 122 individual transportation customers in the three states in which Piedmont/Nashville Gas operates, failed to make any nominations for transportation service for a three day weekend period² and also failed to deliver any gas to Nashville Gas' system for the same period. Notwithstanding this failure to nominate transportation service or to deliver any quantities of gas to Nashville Gas during this three-day period, the clients of this third-party agent consumed more than 80,000 dekatherms of natural gas during this same period. This gas was drawn from Piedmont/Nashville Gas' firm contractual upstream supplies and storage inventories. These actions had several significant and detrimental impacts. First, they created a large intramonth imbalance for the customers on whose behalf the third-party agent was acting. Second, they caused Piedmont/Nashville Gas to use significant quantities of its firm flowing and storage supplies, purchased primarily to meet core firm sales requirements

10. Nashville Gas immediately contacted this third-party agent to inform them that the failure to nominate/deliver any quantities of gas in the face of continuing and substantial

² Nominations on Fridays are made for the succeeding Saturday, Sunday and Monday.

usage by the transportation customers on whose behalf the agent was acting was in violation of Nashville Gas' tariffs and posed substantial risk to both Nashville Gas and its customers. Nashville Gas urged this third-party agent to immediately arrange the delivery of replacement gas in order to make-up this imbalance. Despite repeated representations from this third-party agent over the next several days that it would deliver sufficient quantities both to serve its clients ongoing consumption as well as to make progress in reducing the existing transportation imbalance, this third-party agent failed to do either.³ As a result of these failures, which constituted gross violations of Nashville Gas' tariffs, Nashville Gas subsequently suspended the right of this third-party agent to do business on its system. At the time of this suspension, the imbalance cash-out amount due Piedmont/Nashville Gas (exclusive of penalties) was in excess of \$1.2 million dollars.

11. Shortly thereafter, this third-party agent was placed into involuntary receivership and then filed for bankruptcy protection. In bankruptcy, various creditors are claiming fraud on the part of the third-party agent and its principal officer and bankruptcy filings indicate the existence of claims for more than \$50 million in outstanding debts. The third-party agent is not operational and, in Nashville Gas' view, is not likely to return to operations.

12 The aftermath of these events has been challenging for Piedmont/Nashville Gas and its impacted customers and both Piedmont/Nashville Gas and its customers are facing potentially adverse economic consequences as a result of these events.

13. In examining this situation, and the resulting negative impacts on Nashville Gas and its customers, Nashville Gas determined that additional protections were needed to provide a cushion against similar occurrences in the future. In crafting these protections, Nashville Gas strove to create a mechanism which would provide targeted but effective protection against the creation of large imbalances by a third-party agent (who is able to aggregate nominations for

³ During this period, this third-party agent also failed to comply with several operational directives issued by Nashville Gas to curtail interruptible transportation services by its clients

many customers) and the possibility that such an agent may not be able to fund the resolution of such imbalances. Nashville Gas' goal in crafting these protections was to avoid, to the maximum extent possible, substantive changes in its customers rights under existing transportation rate schedules. Instead, Nashville Gas desired to specifically target the behaviors and risks exposed by the events of this winter.

14. The solution proposed by Nashville Gas is set forth in the tariff revisions attached hereto. These proposed tariff revisions do three things: (a) they make certain clarifying changes to Nashville Gas' Agency Authorization Form; (b) they set forth for inclusion in Nashville Gas' tariffs as Appendix A to Nashville Gas' Tennessee Service Regulations a form of Customer Agent Agreement; and (c) they require all third-party agents authorized to act on behalf of Nashville Gas' customers to be "eligible", with eligibility defined by the execution of and compliance with a Customer Agent Agreement.

15. The primary substantive terms of the Customer Agent Agreement are a requirement for a third-party agent to establish credit in an amount equal to the value of approximately three days worth of transportation nominated quantities and an equivalent limit on third-party agent aggregate intramonth imbalances. Violations of these requirements would result in suspension of the rights of the third-party agent to conduct business on Nashville Gas' system. The net effect of these provisions is to provide, at a minimum, roughly a three day cushion against harmful behavior by third-party agents for the direct benefit of Nashville Gas and its customers.

16. Nashville Gas believes that these requirements are fairly narrow in nature and are specifically targeted to address the risks identified by events this winter without being unduly burdensome. When approved, they will provide Nashville Gas with the tools to protect itself and its customers against the possibility of improper behavior by third-party agents on Nashville Gas' system without materially impairing the ability of such third-party agents to qualify to do business on the Nashville Gas system.

17. Nashville Gas has shared its proposals with the marketers active on Nashville Gas' system and has received feedback from these entities. In this process, Nashville Gas was not able to resolve all concerns raised but did take all comments into account in drafting these proposed tariff changes. Nashville Gas believes that they represent a reasonable and balanced approach to addressing the potential risks involved with third-party agent operations on the Nashville Gas system.

18. Nashville Gas requests that its proposed tariff changes be effective thirty (30) days after the filing hereof in order to permit Nashville Gas, its transportation customers, and the third-party agents involved in conducting business on Nashville Gas' system to prepare for next winter in as expeditious a manner as possible.

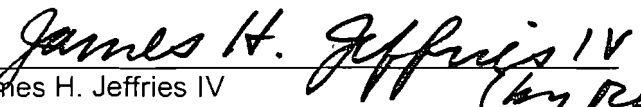
19. Nashville Gas represents that if the Authority's disposition of these proposed tariff changes impacts the sales/transportation elections recently made by Nashville Gas' Tennessee industrial customers, Nashville Gas will work with such customers to implement the Authority's ruling in a fair and reasonable manner and without undue prejudice to these customers.

Respectfully submitted, this the 20 day of April, 2006.

Nashville Gas Company



R. Dale Grimes
Bass, Berry & Sims PLC
315 Deaderick Street, Suite 2700
Nashville, Tennessee 37238-3001
Telephone: 615-742-6244



James H. Jeffries IV
Moore & Van Allen PLLC
100 North Tryon Street, Suite 4700
Charlotte, NC 28202-4003
Telephone: 704-331-1079

*(by RDS
w/permission)*

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

VERIFICATION

David R. Carpenter, being duly sworn, deposes and says that he is Director - Rates of Piedmont Natural Gas Company, Inc., that as such, he has read the foregoing Petition and knows the contents thereof; that the same are true of his own knowledge except as to those matters stated on information and belief and as to those he believes them to be true.



David R. Carpenter

Mecklenburg County, North Carolina
Signed and sworn to before me this day by David R. Carpenter.

Date: April 13, 2006 Barbara J. Ashford

Barbara J. Ashford, Notary Public

(Official Seal)

My commission expires: Feb. 26, 2011

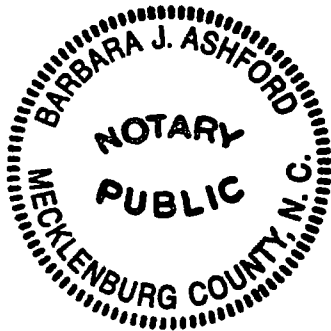


EXHIBIT A

RATE SCHEDULE NO. 313
Firm Transportation Service

AVAILABILITY

Gas service under this Rate Schedule is available in the area served by the Company in the State of Tennessee to any full requirements non-residential Customer whose usage during any month of the 12-month period ended the 31st day of December was in excess of 500 therms per day. An existing Customer may also qualify for service under this Rate Schedule based upon reasonably anticipated usage by adding incremental load either by the installation of additional equipment or by increasing hours of operation. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

Once a qualified Customer elects service under this Rate Schedule, all services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule 309 concurrent with service provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule 303 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

Reclassification of customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Tennessee Regulatory Authority.

APPLICABILITY AND CHARACTER OF SERVICE

Transportation service is available under this Rate Schedule to any qualified Customer connected to the Company's system who has obtained an independent supply of natural gas and has arranged to have this supply delivered to one of the Company's existing delivery points for transportation by the Company to the Customer's facilities.

The Company will deliver gas previously transported by a connected pipeline for the Customer's account under this Rate Schedule on a day-to-day basis in accordance with the Customer's scheduled and confirmed nominations, subject to such maximum allowable daily deliveries as may be specified in the Gas Service Contract. The Company reserves the right to suspend service on any day when, in the Company's sole opinion, its operating conditions are such that suspension of service is necessary.

The Company reserves the right to limit, allocate, or direct third party gas nominations among the interstate pipelines serving the Company's distribution system, when, in the Company's sole opinion, such action is necessary to maintain the operational integrity of the system.

Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalance. Any imbalances shall be corrected by the Customer, insofar as practicable, during the month in which they occur. Customer may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance, subject to the operating limitations of the Company. The Company reserves the right to limit the amount of such imbalances to avoid operating problems and to comply with balancing requirements of any pipeline transporting gas hereunder. Customer will be responsible for any imbalance charges assessed by the pipeline in connection with any gas transported by the Company under this Rate Schedule. The Company reserves the right to reduce nominations when, in the judgment of the Company, such action is necessary to reduce or eliminate operational problems. Company will use

its best efforts to notify the Customer or the Customer's agent before proceeding with a unilateral reduction and will notify Customer of any reduction to Customer's nomination that has been instituted by the Company. The Company reserves the right to initiate Standby Sales Service, described below, when, in the judgment of the Company, such action is necessary to reduce or eliminate operational problems resulting from the gas imbalances of the Customer. The Company will use its best efforts to notify the Customer or the Customer's agent before initiating Standby Sales Service.

By 10:30am central time four business days prior to the beginning of each month, the Customer shall inform the Company of its a) nomination of the daily quantity of gas to be transported for such month, and b) choice of pipeline for transportation for such month. If the Customer does not provide a timely nomination to transport gas provided by a party other than the Company, the Customer will have requested Standby Sales Service provided herein by default. By 10:30am central time six business days prior to the beginning of each month, the Customer must inform the Company of the nominating agent for gas to be transported. Changes to nominations for gas transportation within the month are due by 10:30am central time on the business day prior to gas flow.

BALANCING

It shall be the Customer's responsibility to maintain a daily and monthly balance with its transporting pipelines to avoid any assessment of penalties against the Company. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer is responsible for causing the Company to be assessed such penalties.

MONTHLY IMBALANCE RESOLUTION

Any differences between the quantities delivered to the Company's city gate facilities for the account of the Customer monthly, and the monthly quantities consumed by the Customer as metered, shall be the monthly imbalance. Unless the Company and Customer agree to correct imbalances "in kind," the imbalance shall be resolved monthly by "cashing out" the imbalances, as they are known to exist at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and the Company will sell the amount of the deficiency to the Customer by charging the price as specified below. If the Customer consumes less gas than has been delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus from the Customer by paying the price as specified below.

If the Customer's imbalance is less than or equal to 2% of the total monthly volume consumed, or if the total aggregated imbalance for the Agent is less than or equal to 2% of the total volume consumed by all of the Agent's Customers in that transportation pool, then the price paid by the Company if the imbalance is long or the price paid by the Customer (or Agent) if the imbalance is short will be the sum of (a) the average of the weekly "Weighted Index Price" as defined below "plus (b) the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price", including applicable fuel and surcharges, for delivery to Nashville's city gate, for the months of November through March, or the commodity rate under the applicable pipeline percentages as defined in the "Weighted Index Price", including applicable fuel and surcharges, for delivery to Nashville's city gate, plus \$0.05, for the months of April through October.

If the Customer (or Agent) is "short" by more than 2% of the monthly volume, the price paid by the

Customer (or Agent) to the Company for each dekatherm of the total deficiency will be equal to the highest "Weighted Index Price" for any week beginning in the calendar month as published in *Natural Gas Week*, plus the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price" and deliver to Nashville city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

If the Customer (or Agent) is "long" by more than 2% of the monthly volume, the price paid by the Company to the Customer (or Agent) for each dekatherm of the total surplus will be equal to the lowest "Weighted Index Price" for any week beginning in the calendar month as published in *Natural Gas Week*, plus the pipelines FT variable charges at the applicable pipeline percentages that comprise the "Weighted Index Price" and deliver to Nashville city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

Percentage of the Imbalance	Short (Premium)	Long (Discount)
Over 2% & less than 5%	100%	100%
Over 5% & equal to or less than 10%	120%	80%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal to or less than 20%	140%	60%
Over 20%	150%	50%

The "Weighted Index Price" shall be derived from the prices published in *Natural Gas Week* in the table Spot Prices on Interstate Pipeline Systems for the following pipeline designations and weighted by the corresponding percentages set forth below:

Tennessee Gas Pipeline Co. Zone 0: South Texas	X	28.36% ¹
+		
Tennessee Gas Pipeline Co. Zone 1: South Louisiana	X	65.32% ¹
+		
Columbia Gulf Transmission Co. Rayne, La.	X	6.32% ¹

The Company will collect gross receipts tax on the incremental gas related charges

Any difference between the actual cost of gas incurred by the Company and the Index price as defined in the previous paragraph will be accounted for in the Actual Cost Adjustment account in a manner consistent with Rule No. 1220-4-1-12 of the TRA Rules and Regulations. Increments or decrements which may result from the PGA adjustments will not apply to the cash-out of imbalances.

AGENCY AUTHORIZATION FORM

A Customer may authorize an Eligible Agent to act on its behalf with respect to the nominations, imbalance resolution, and/or billing under this Rate Schedule by executing an Agency Authorization Form in the form attached to this Rate Schedule. In order to be considered an Eligible Agent, a third-party must execute and be in compliance with all of the terms of the Customer Agent

¹ These percentages are the ratio of the contracted winter capacity in effect at the time of the Company's most recent general rate case.

Agreement form set forth in Appendix A to the Company's Tennessee Service Regulations. To the extent that the Agent appointed by the Customer is common to other Customers of the Company, the Company will permit such Agent to aggregate all such qualifying Customers' transportation quantities for purposes of administering service to such Agent. Once a Customer has designated an Agent, the Agent is then authorized to act on behalf of that Customer and as such, the Agent can be considered as the Customer in all references contained within this Rate Schedule. The Customer may not change Agents within the calendar month without the permission of the Company, unless the Agent's right to conduct business has been suspended by the Company, in which case, the Customer may act without an Agent or may provide written notice to the Company of the new Eligible Agent designated by the Customer. The Company will provide reasonable notice to Customer in the event of any suspension of Customer's Agent. All Agents must utilize the electronic means made available by the Company in order to submit nominations. The Company may recover from the Agent all costs incurred in providing the Agent access to the electronic bulletin board.

STANDBY SALES SERVICE

At the option of the Customer, an election may be made monthly to receive Standby Sales Service from the Company under this Rate Schedule for delivery to the Customer at the Company's city gate.

The Customer will also receive Standby Sales Service as a default if the Customer or the Customer's agent fails to submit a timely and valid nomination for transportation service. In addition to paying the Monthly Standby Index Price set forth below for Standby Sales Service hereunder, the Customer will utilize the transportation services and incur the charges otherwise applicable under this Rate Schedule to cause such gas supplies to be delivered to the Customer's meter. The price which the Customer shall pay for the gas supplied under this paragraph will be the Monthly Standby Index Price defined as follows: "The weighted average index price for the applicable month as published in the first *Natural Gas Week* for such month in the table Spot Prices on Interstate Pipeline Systems in the column labeled "Bid Week", for.

Tennessee Gas Pipeline Co. Zone 0: South Texas	X	28.36
+		
Tennessee Gas Pipeline Co. Zone 1: South Louisiana	X	65.32% ¹
+		
Columbia Gulf Transmission Co.: Rayne, La.	X	6.32% ¹

If the Customer nominates transportation service hereunder and purchases gas supplies from a third party supplier, and such Customer's consumption exceeds actual deliveries to the Company from such third party supplier to the point where operational problems are created for the Company, then the Company shall have the right, at its sole discretion, to initiate Standby Sales Service to the Customer. The price for such service shall be the same as set forth above except when the Company is required by such imbalance shortfall to purchase incremental volumes of gas supplies. In this case the Customer receiving Standby Sales Service will pay the higher of (on a daily basis) the Monthly Standby Index Price or the Daily Standby Index Price defined as follows.

The midpoint daily index price as published in Gas Daily for the day of consumption as stated in the "Daily Price Survey," for the "Tennessee 500 Leg." For days of consumption when the Gas Daily is not published, the Gas Daily price shall equal the price as published on the nearest subsequent day by Gas Daily.

Applicable firm transportation tariff commodity charges, fuel and any other surcharges as defined in the above transporters' FERC approved tariffs will be added to the above standby index prices. The Company will collect gross receipts tax on the incremental gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index price as defined in the previous paragraph will be accounted for in the Actual Cost Adjustment account in a manner consistent with Rule No. 1220-4-1-12 of the TRA Rules and Regulations. Increments or decrements which may result from the PGA adjustments will not apply to the standby index prices.

MARGIN RATE

Customer Charge (per month)	\$300.00
Demand Charge (per therm of billing demand)	\$.8000
Commodity Charge (per therm)	
1 st Step (0-15,000 therms)	\$.09742
2 nd Step (15,001-40,000 therms)	\$.08953
3 rd Step (40,001-90,000 therms)	\$.06450
4 th Step (Over 90,000 therms)	\$.02764

MONTHLY MINIMUM BILL

The minimum monthly bill shall be the customer charge plus the monthly demand charge multiplied by the billing demand determined as described below.

MONTHLY CUSTOMER CHARGE

A charge will be billed monthly to all Customers for the availability of gas service. This charge will be in addition to the commodity charge.

BILLING DEMAND

The billing demand shall be determined as follows

Customer billing demand determinate shall be the highest daily usage during the period from November 1 to March 31 of the previous winter period as metered and reported to the Company by the telemetering equipment installed by the Company. Changes to the Customer's billing demand determinate will become effective June 1 of each year. The per unit charge may be adjusted from time to time to reflect rate changes, including, but not limited to, a general change in system rates or a change in pipeline capacity charges billed to the Company.

For Customers commencing initial gas service under this Rate Schedule and who do not have a consumption history from other services provided by the Company, the billing demand determinate shall be based upon a reasonable assumption of usage considering the connected load. If a Customer has received gas service from the Company prior to receiving service under this Rate Schedule but does not have daily telemetered records to determine peak day usage as described above, the Company shall determine a billing demand based on the greater of: 1) the month of highest consumption for the period to date multiplied by six percent (6%), or 2) 500 therms.

SERVICE AGREEMENTS

All Customers receiving service under this Rate Schedule shall be required to execute the Company's

standard contracts and/or service applications and shall be subject to the Company's Rules and Regulations as filed with and approved by the Tennessee Regulatory Authority (TRA).

PAYMENT TERMS

All bills for service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

RETURNED CHECK CHARGE

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

ADJUSTMENTS

Bills for transportation service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Rule No. 1220-4-1-.12 of the TRA Rules and Regulations.

Purchased gas adjustments and all applicable taxes and fees are in addition to the above stated margin rates in accordance with the Rules, Regulations and Orders of the TRA and the Laws of the State of Tennessee.

SERVICE AVAILABILITY

All requests for new or additional service or the transfer of existing service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the TRA Rules and Regulations, Orders of the TRA, and the Laws of the State of Tennessee.

SERVICE CURTAILMENT

Gas service under this schedule is subject to the provisions contained within TRA Schedule No. 306, "Schedule for Limiting and Curtailing Service."

**AGENCY AUTHORIZATION FORM
RATE SCHEDULE NO.313**

EFFECTIVE DATE _____

CUSTOMER _____

NAME OF FACILITY _____

ACCOUNT NUMBER(S) _____

AGENT _____

AGENT CONTACT _____ **PHONE #** _____

This is to advise **Nashville Gas Company** that _____ (**Customer**) has
authorized _____ (**Agent**) to act on its behalf for the following
transactions:

_____ nominations, _____ imbalance resolution, _____ billing,

of gas for the above listed account(s). Nashville Gas Company is hereby authorized to deal with the
Agent directly, and by signature below, the **CUSTOMER AND THE AGENT UNDERSTAND
THAT THEY ARE RESPONSIBLE, JOINTLY AND SEVERALLY FOR ANY AMOUNTS
DUE NASHVILLE GAS COMPANY ARISING UNDER THIS RATE SCHEDULE,
NASHVILLE GAS COMPANY'S TENNESSEE SERVICE REGULATIONS, OR AGENT'S
CUSTOMER AGENT AGREEMENT** which are not paid by agent on these accounts. Customer
will provide Nashville Gas Company with a revised "AGENCY AUTHORIZATION FORM" at
least six (6) business days prior to ~~changing Agents~~ the beginning of the month of for the accounts
designated, unless the Agent's right to conduct business has been suspended by Nashville Gas
Company without prior notice.

AUTHORIZED
SIGNATURE _____
FOR THE CUSTOMER

AUTHORIZED
SIGNATURE _____
FOR THE AGENT

Please Print

AGENT'S NAME _____ TITLE _____

PHONE # _____ FAX # _____

MAILING ADDRESS

Please submit to: End User Transportation
Nashville Gas Company
A Division of Piedmont Natural Gas Company
P O Box 33068
Charlotte, NC 28233
Fax # 704 365-8740

Effective.
Docket no.

RATE SCHEDULE NO. 314
INTERRUPTIBLE TRANSPORTATION SERVICE

AVAILABILITY

Gas service under this Rate Schedule is available in the area served by the Company in the State of Tennessee **ON AN INTERRUPTIBLE BASIS** to any full requirements non-residential Customer whose usage during any month of the 12-month period ended the 31st day of December was in excess of 500 therms per day. Availability under this Rate Schedule for new Customers will be based on reasonably anticipated usage. An existing Customer may also qualify for service under this Rate Schedule based upon reasonably anticipated usage by adding incremental load either by the installation of additional equipment or by increasing hours of operation. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

Once a qualified Customer elects service under this Rate Schedule, all services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule No. 309 concurrent with service provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule No. 304 and/or 310 by giving written notice to the Company prior to April 1 of any year. Proper notice having been provided, the Customer may discontinue service under this Rate Schedule effective the first June 1 following the notice.

Customers receiving services under this Rate Schedule shall maintain, in useable condition, alternate-fuel facilities with ample on-site alternate fuel capability for supplying 100% of the establishment's gas requirements during periods of gas interruption or curtailment. Such interruption or curtailment shall be immediately effective upon verbal or written notification by the Company, and Customer shall refrain from using gas until permitted to do so by the Company. It is understood and agreed that the Company will have the right to suspend gas service without further notice to the Customer in the event Customer fails to curtail Customer's use of gas in accordance with the Company's notice of curtailment.

Reclassification of customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Tennessee Regulatory Authority.

APPLICABILITY AND CHARACTER OF SERVICE

Transportation service is available under this Rate Schedule to any qualified Customer connected to the Company's system who has obtained an independent supply of natural gas and has arranged to have this supply delivered to one of the Company's existing delivery points for transportation by the Company to the Customer's facilities.

The Company will deliver **ON AN INTERRUPTIBLE BASIS** gas previously transported by a connected pipeline for the Customer's account under this Rate Schedule on a day-to-day basis in accordance with the Customer's scheduled and confirmed nominations. The Company reserves the right to suspend service on any day when, in the Company's sole opinion, its operating conditions are such that suspension of service is necessary. The Company reserves the right to limit, allocate, or direct third party gas nominations among the interstate pipelines serving the Company's distribution system, when, in the Company's sole opinion, such action is necessary to maintain the operational

RATE SCHEDULE NO. 314
INTERRUPTIBLE TRANSPORTATION SERVICE

integrity of the system.

Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalance. Any imbalances shall be corrected by the Customer, insofar as practicable, during the month in which they occur. Customer may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance, subject to the operating limitations of the Company. The Company reserves the right to limit the amount of such imbalances to avoid operating problems and to comply with balancing requirements of any pipeline transporting gas hereunder. Customer will be responsible for any imbalance charges assessed by the pipeline in connection with any gas transported by the Company under this Rate Schedule. The Company reserves the right to reduce nominations when, in the judgment of the Company, such action is necessary to reduce or eliminate operational problems. Company will use its best efforts to notify the Customer or the Customer's agent before proceeding with a unilateral reduction and will notify Customer of any reduction to Customer's nomination that has been instituted by the Company.

By 10:30am central time four business days prior to the beginning of each month, the Customer shall inform the Company of its a) nomination of the daily quantity of gas to be transported for such month, and b) choice of pipeline for transportation for such month. If the Customer does not provide a timely nomination to transport gas, the Customer will not be entitled to receive gas service. By 10:30am central time five business days prior to the beginning of each month, the Customer must inform the Company of the nominating agent for gas to be transported.

Changes to nominations for gas transportation within the month are due by 10:30am central time on the day prior to gas flow

Notwithstanding the above, if a supplier interrupts its sales service to Customer being transported hereunder, and such interruptions by the supplier occur within a month, Customer may reschedule alternative gas supplies which may be available to Customer subject to. a) normal daily nomination and confirmation deadlines and procedures b) any operational limitations of the Company and c) the availability of interruptible transportation service hereunder.

BALANCING

It shall be the Customer's responsibility to maintain a daily and monthly balance with its transporting pipelines to avoid any assessment of penalties against the Company. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer or Customer's agent is responsible for causing the Company to be assessed such penalties.

MONTHLY IMBALANCE RESOLUTION

Any differences between the quantities delivered to the Company's city gate facilities for the account of the Customer monthly, and the monthly quantities consumed by the Customer as metered, shall be the monthly imbalance. Unless the Company and Customer agree to correct imbalances "in kind," the imbalance shall be resolved monthly by "cashing out" the imbalances as they are known to exist at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer

RATE SCHEDULE NO. 314
INTERRUPTIBLE TRANSPORTATION SERVICE

will be deemed to be "short" by the amount of the deficiency, and the Company will sell the amount of the deficiency to the Customer by charging the price as specified below. If the Customer consumes less gas than has been delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus from the Customer by paying the price as specified below

If the Customer's imbalance is less than or equal to 2% of the total monthly volume consumed, or if the total aggregated imbalance for the Agent is less than or equal to 2% of the total volume consumed by all of the Agent's Customers in that transportation pool, then the price paid by the Company if the imbalance is long or the price paid by the Customer (or Agent) if the imbalance is short will be the sum of (a) the average of the weekly "Weighted Index Price" as defined below "plus (b) the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price," including applicable fuel and surcharges, for delivery to Nashville's city gate, for the months of November through March, or the commodity rate under the applicable pipeline percentages as defined in the "Weighted Index Price," including applicable fuel and surcharges, for delivery to Nashville's city gate, plus \$0.05, for the months of April through October.

If the Customer (or Agent) is "short" by more than 2% of the monthly volume, the price paid by the Customer (or Agent) to the Company for each dekatherm of the total deficiency will be equal to the highest "Weighted Index Price" for any week beginning in the calendar month as published in *Natural Gas Week*, plus the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price" and deliver to Nashville city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below:

If the Customer (or Agent) is "long" by more than 2% of the monthly volume, the price paid by the Company to the Customer (or Agent) for each dekatherm of the total surplus will be equal to the lowest "Weighted Index Price" for any week beginning in the calendar month as published in *Natural Gas Week*, plus the pipelines FT variable charges at the applicable pipeline percentages that comprise the "Weighted Index Price" and deliver to Nashville city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

Percentage of the Imbalance	Short (Premium)	Long (Discount)
Over 2% & less than 5%	100%	100%
Over 5% & equal to or less than 10%	120%	80%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal to or less than 20%	140%	60%
Over 20%	150%	50%

The "Weighted Index Price" shall be derived from the prices published in *Natural Gas Week* in the table Spot Prices on Interstate Pipeline Systems for the following pipeline designations and weighted by the corresponding percentages set forth below:

RATE SCHEDULE NO. 314
INTERRUPTIBLE TRANSPORTATION SERVICE

Tennessee Gas Pipeline Co. Zone 0: South Texas	X	28.36% ¹
+		
Tennessee Gas Pipeline Co. Zone 1: South Louisiana	X	65.32% ¹
+		
Columbia Gulf Transmission Co.: Rayne, La.	X	6.32% ¹

The Company will collect gross receipts tax on the incremental gross gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment account in a manner consistent with Rule No. 1220-4-1-12 of the TRA Rules and Regulations. Increments or decrements which may result from the PGA adjustments will not apply to the cash-out mechanism.

AGENCY AUTHORIZATION FORM

A Customer may authorize an Eligible Agent to act on its behalf with respect to the nominations, imbalance resolution, and/or billing under this Rate Schedule by executing an Agency Authorization Form in the form attached to this Rate Schedule. In order to be considered an Eligible Agent, a third-party must execute and be in compliance with all of the terms of the Customer Agent Agreement form set forth in Appendix A to the Company's Tennessee Service Regulations. To the extent that the Agent appointed by the Customer is common to other Customers of the Company, the Company will permit such Agent to aggregate all such qualifying Customers' transportation quantities for purposes of administering service to such Agent. Once a Customer has designated an Agent, the Agent is then authorized to act on behalf of that Customer and as such, the Agent can be considered as the Customer in all references contained within this Rate Schedule. The Customer may not change Agents within the calendar month without the permission of the Company, unless the Agent's right to conduct business has been suspended by the Company, in which case, the Customer may act without an Agent or may provide written notice to the Company of the new Eligible Agent designated by the Customer. The Company will provide reasonable notice to Customer in the event of any suspension of Customer's Agent. All agents must utilize the electronic means made available by the Company in order to submit nominations. The Company may recover all costs incurred in providing the agent access to the electronic bulletin board.

MARGIN RATE

Customer Charge (per month)	\$300.00
Commodity Charge (per therm)	
1st Step (0-15,000 therms)	\$0.09742
2nd Step (15,001-40,000 therms)	\$0.08953
3rd Step (40,001-90,000 therms)	\$0.06450
4th Step (Over 90,000 therms)	\$0.02764

¹ These percentages are the ratio of the contracted winter capacity in effect at the time of the Company's most recent general rate case.

NASHVILLE GAS COMPANY
665 Mainstream Drive
Nashville, Tennessee 37228
A Division of Piedmont Natural Gas Company
TRA Rate Schedule No. 314

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RATE SCHEDULE NO. 314
INTERRUPTIBLE TRANSPORTATION SERVICE

MONTHLY MINIMUM BILL

The minimum monthly bill shall be the Customer Charge.

MONTHLY CUSTOMER CHARGE

A charge will be billed monthly to all Customers for the availability of gas service. This charge will be in addition to the commodity charge.

SERVICE AGREEMENTS

All Customers receiving service pursuant to this Rate Schedule shall be required to execute the Company's standard contracts and/or service applications and shall be subject to the Company's Rules and Regulations as filed with and approved by the Tennessee Regulatory Authority (TRA).

PAYMENT TERMS

All bills for service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

RETURNED CHECK CHARGE

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

ADJUSTMENTS

Bills for transportation service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Rule No. 1220-4-1-.12 of the TRA Rules and Regulations.

Purchase gas adjustments and all applicable taxes and fees are in addition to the above stated margin rates in accordance with the Rules, Regulations and Orders of the TRA and the Laws of the State of Tennessee

SERVICE AVAILABILITY

All requests for new or additional service or the transfer of existing service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the TRA Rules and Regulations, the Orders of the TRA, and the Laws of the State of Tennessee.

SERVICE INTERRUPTION AND CURTAILMENT

Gas service under this schedule is interruptible and is subject to the provisions contained within TRA Schedule No. 306, "Schedule for Limiting and Curtailing Service."

Docket No..
Effective.

NASHVILLE GAS COMPANY, INC.
665 Mainstream Drive
Nashville, Tennessee 37228
A Division of Piedmont Natural Gas Company
TRA Rate Schedule No. 314

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RATE SCHEDULE NO. 314
INTERRUPTIBLE TRANSPORTATION SERVICE

AGENCY AUTHORIZATION FORM
RATE SCHEDULE NO. 314

EFFECTIVE DATE _____

CUSTOMER _____

NAME OF FACILITY _____

ACCOUNT NUMBER(S) _____

AGENT _____

AGENT CONTACT _____ **PHONE #** _____

This is to advise Nashville Gas Company that _____ (Customer) has authorized _____ (Agent) to act on its behalf for the following transactions:

_____ nominations, _____ imbalance resolution, _____ billing, of gas for the above listed account(s). Nashville Gas Company is hereby authorized to deal with the Agent directly, and by signature below, the **CUSTOMER AND THE AGENT UNDERSTAND THAT THEY ARE RESPONSIBLE, JOINTLY AND SEVERALLY, FOR ANY AMOUNTS DUE NASHVILLE GAS COMPANY ARISING UNDER THIS RATE SCHEDULE, NASHVILLE GAS COMPANY'S TENNESSEE SERVICE REGULATIONS, OR AGENT'S CUSTOMER AGENT AGREEMENT** which are not paid by agent on these accounts. Customer will provide Nashville Gas Company with a revised "AGENCY AUTHORIZATION FORM" at least six (6) business days prior to the beginning of the month changing Agents or for the accounts designated, unless the Agent's right to conduct business has been suspended by Nashville Gas Company without prior notice.

AUTHORIZED
SIGNATURE _____
FOR THE CUSTOMER

AUTHORIZED
SIGNATURE _____
FOR THE AGENT

Please Print

AGENT'S NAME _____ TITLE _____

PHONE # _____ FAX # _____

MAILING ADDRESS

Please submit to: End User Transportation
Nashville Gas Company
A Division of Piedmont Natural Gas Company
P O Box 33068
Charlotte, NC 28233
Fax # 704-365-8740

Docket No. _____
Effective _____

EXHIBIT B

RATE SCHEDULE NO. 313
Firm Transportation Service

AVAILABILITY

Gas service under this Rate Schedule is available in the area served by the Company in the State of Tennessee to any full requirements non-residential Customer whose usage during any month of the 12-month period ended the 31st day of December was in excess of 500 therms per day. An existing Customer may also qualify for service under this Rate Schedule based upon reasonably anticipated usage by adding incremental load either by the installation of additional equipment or by increasing hours of operation. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

Once a qualified Customer elects service under this Rate Schedule, all services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule 309 concurrent with service provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule 303 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

Reclassification of customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Tennessee Regulatory Authority.

APPLICABILITY AND CHARACTER OF SERVICE

Transportation service is available under this Rate Schedule to any qualified Customer connected to the Company's system who has obtained an independent supply of natural gas and has arranged to have this supply delivered to one of the Company's existing delivery points for transportation by the Company to the Customer's facilities.

The Company will deliver gas previously transported by a connected pipeline for the Customer's account under this Rate Schedule on a day-to-day basis in accordance with the Customer's scheduled and confirmed nominations, subject to such maximum allowable daily deliveries as may be specified in the Gas Service Contract. The Company reserves the right to suspend service on any day when, in the Company's sole opinion, its operating conditions are such that suspension of service is necessary. The Company reserves the right to limit, allocate, or direct third party gas nominations among the interstate pipelines serving the Company's distribution system, when, in the Company's sole opinion, such action is necessary to maintain the operational integrity of the system.

Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalance. Any imbalances shall be corrected by the Customer, insofar as practicable, during the month in which they occur. Customer may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance, subject to the operating limitations of the Company. The Company reserves the right to limit the amount of such imbalances to avoid operating problems and to comply with balancing requirements of any pipeline transporting gas hereunder. Customer will be responsible for any imbalance charges assessed by the pipeline in connection with any gas transported by the Company under this Rate Schedule. The Company reserves the right to reduce nominations when, in the judgment of the Company, such action is necessary to reduce or eliminate operational problems. Company will use

its best efforts to notify the Customer or the Customer's agent before proceeding with a unilateral reduction and will notify Customer of any reduction to Customer's nomination that has been instituted by the Company. The Company reserves the right to initiate Standby Sales Service, described below, when, in the judgment of the Company, such action is necessary to reduce or eliminate operational problems resulting from the gas imbalances of the Customer. The Company will use its best efforts to notify the Customer or the Customer's agent before initiating Standby Sales Service.

By 10:30am central time four business days prior to the beginning of each month, the Customer shall inform the Company of its a) nomination of the daily quantity of gas to be transported for such month, and b) choice of pipeline for transportation for such month. If the Customer does not provide a timely nomination to transport gas provided by a party other than the Company, the Customer will have requested Standby Sales Service provided herein by default. By 10:30am central time six business days prior to the beginning of each month, the Customer must inform the Company of the nominating agent for gas to be transported. Changes to nominations for gas transportation within the month are due by 10:30am central time on the business day prior to gas flow.

BALANCING

It shall be the Customer's responsibility to maintain a daily and monthly balance with its transporting pipelines to avoid any assessment of penalties against the Company. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer is responsible for causing the Company to be assessed such penalties.

MONTHLY IMBALANCE RESOLUTION

Any differences between the quantities delivered to the Company's city gate facilities for the account of the Customer monthly, and the monthly quantities consumed by the Customer as metered, shall be the monthly imbalance. Unless the Company and Customer agree to correct imbalances "in kind," the imbalance shall be resolved monthly by "cashing out" the imbalances, as they are known to exist at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and the Company will sell the amount of the deficiency to the Customer by charging the price as specified below. If the Customer consumes less gas than has been delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus from the Customer by paying the price as specified below.

If the Customer's imbalance is less than or equal to 2% of the total monthly volume consumed, or if the total aggregated imbalance for the Agent is less than or equal to 2% of the total volume consumed by all of the Agent's Customers in that transportation pool, then the price paid by the Company if the imbalance is long or the price paid by the Customer (or Agent) if the imbalance is short will be the sum of (a) the average of the weekly "Weighted Index Price" as defined below plus (b) the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price", including applicable fuel and surcharges, for delivery to Nashville's city gate, for the months of November through March, or the commodity rate under the applicable pipeline percentages as defined in the "Weighted Index Price", including applicable fuel and surcharges, for delivery to Nashville's city gate, plus \$0.05, for the months of April through October.

If the Customer (or Agent) is "short" by more than 2% of the monthly volume, the price paid by the

Customer (or Agent) to the Company for each dekatherm of the total deficiency will be equal to the highest "Weighted Index Price" for any week beginning in the calendar month as published in *Natural Gas Week*, plus the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price" and deliver to Nashville city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

If the Customer (or Agent) is "long" by more than 2% of the monthly volume, the price paid by the Company to the Customer (or Agent) for each dekatherm of the total surplus will be equal to the lowest "Weighted Index Price" for any week beginning in the calendar month as published in *Natural Gas Week*, plus the pipelines FT variable charges at the applicable pipeline percentages that comprise the "Weighted Index Price" and deliver to Nashville city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

Percentage of the Imbalance	Short (Premium)	Long (Discount)
Over 2% & less than 5%	100%	100%
Over 5% & equal to or less than 10%	120%	80%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal to or less than 20%	140%	60%
Over 20%	150%	50%

The "Weighted Index Price" shall be derived from the prices published in *Natural Gas Week* in the table Spot Prices on Interstate Pipeline Systems for the following pipeline designations and weighted by the corresponding percentages set forth below:

Tennessee Gas Pipeline Co. Zone 0 South Texas	X	28.36% ¹
+		
Tennessee Gas Pipeline Co. Zone 1. South Louisiana	X	65.32% ¹
+		
Columbia Gulf Transmission Co. Rayne, La.	X	6.32% ¹

The Company will collect gross receipts tax on the incremental gas related charges

Any difference between the actual cost of gas incurred by the Company and the Index price as defined in the previous paragraph will be accounted for in the Actual Cost Adjustment account in a manner consistent with Rule No. 1220-4-1-12 of the TRA Rules and Regulations. Increments or decrements which may result from the PGA adjustments will not apply to the cash-out of imbalances.

AGENCY AUTHORIZATION FORM

A Customer may authorize an Eligible Agent to act on its behalf with respect to the nominations, imbalance resolution, and/or billing under this Rate Schedule by executing an Agency Authorization Form in the form attached to this Rate Schedule. In order to be considered an Eligible Agent, a third-party must execute and be in compliance with all of the terms of the Customer Agent

¹ These percentages are the ratio of the contracted winter capacity in effect at the time of the Company's most recent general rate case.

Agreement form set forth in Appendix A to the Company's Tennessee Service Regulations. To the extent that the Agent appointed by the Customer is common to other Customers of the Company, the Company will permit such Agent to aggregate all such qualifying Customers' transportation quantities for purposes of administering service to such Agent. Once a Customer has designated an Agent, the Agent is then authorized to act on behalf of that Customer and as such, the Agent can be considered as the Customer in all references contained within this Rate Schedule. The Customer may not change Agents within the calendar month without the permission of the Company, unless the Agent's right to conduct business has been suspended by the Company, in which case, the Customer may act without an Agent or may provide written notice to the Company of the new Eligible Agent designated by the Customer. The Company will provide reasonable notice to Customer in the event of any suspension of Customer's Agent. All Agents must utilize the electronic means made available by the Company in order to submit nominations. The Company may recover from the Agent all costs incurred in providing the Agent access to the electronic bulletin board.

STANDBY SALES SERVICE

At the option of the Customer, an election may be made monthly to receive Standby Sales Service from the Company under this Rate Schedule for delivery to the Customer at the Company's city gate.

The Customer will also receive Standby Sales Service as a default if the Customer or the Customer's agent fails to submit a timely and valid nomination for transportation service. In addition to paying the Monthly Standby Index Price set forth below for Standby Sales Service hereunder, the Customer will utilize the transportation services and incur the charges otherwise applicable under this Rate Schedule to cause such gas supplies to be delivered to the Customer's meter. The price which the Customer shall pay for the gas supplied under this paragraph will be the Monthly Standby Index Price defined as follows: "The weighted average index price for the applicable month as published in the first *Natural Gas Week* for such month in the table Spot Prices on Interstate Pipeline Systems in the column labeled "Bid Week", for:

Tennessee Gas Pipeline Co. Zone 0: South Texas	X	28.36
+		
Tennessee Gas Pipeline Co. Zone 1: South Louisiana	X	65.32% ¹
+		
Columbia Gulf Transmission Co.: Rayne, La	X	6.32% ¹

If the Customer nominates transportation service hereunder and purchases gas supplies from a third party supplier, and such Customer's consumption exceeds actual deliveries to the Company from such third party supplier to the point where operational problems are created for the Company, then the Company shall have the right, at its sole discretion, to initiate Standby Sales Service to the Customer. The price for such service shall be the same as set forth above except when the Company is required by such imbalance shortfall to purchase incremental volumes of gas supplies. In this case the Customer receiving Standby Sales Service will pay the higher of (on a daily basis) the Monthly Standby Index Price or the Daily Standby Index Price defined as follows:

The midpoint daily index price as published in Gas Daily for the day of consumption as stated in the "Daily Price Survey," for the "Tennessee 500 Leg." For days of consumption when the Gas Daily is not published, the Gas Daily price shall equal the price as published on the nearest subsequent day by Gas Daily.

Applicable firm transportation tariff commodity charges, fuel and any other surcharges as defined in the above transporters' FERC approved tariffs will be added to the above standby index prices. The Company will collect gross receipts tax on the incremental gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index price as defined in the previous paragraph will be accounted for in the Actual Cost Adjustment account in a manner consistent with Rule No. 1220-4-1-12 of the TRA Rules and Regulations. Increments or decrements which may result from the PGA adjustments will not apply to the standby index prices.

MARGIN RATE

Customer Charge (per month)	\$300.00
Demand Charge (per therm of billing demand)	\$.8000
Commodity Charge (per therm)	
1 st Step (0-15,000 therms)	\$.09742
2 nd Step (15,001-40,000 therms)	\$.08953
3 rd Step (40,001-90,000 therms)	\$.06450
4 th Step (Over 90,000 therms)	\$.02764

MONTHLY MINIMUM BILL

The minimum monthly bill shall be the customer charge plus the monthly demand charge multiplied by the billing demand determined as described below.

MONTHLY CUSTOMER CHARGE

A charge will be billed monthly to all Customers for the availability of gas service. This charge will be in addition to the commodity charge.

BILLING DEMAND

The billing demand shall be determined as follows:

Customer billing demand determinate shall be the highest daily usage during the period from November 1 to March 31 of the previous winter period as metered and reported to the Company by the telemetering equipment installed by the Company. Changes to the Customer's billing demand determinate will become effective June 1 of each year. The per unit charge may be adjusted from time to time to reflect rate changes, including, but not limited to, a general change in system rates or a change in pipeline capacity charges billed to the Company.

For Customers commencing initial gas service under this Rate Schedule and who do not have a consumption history from other services provided by the Company, the billing demand determinate shall be based upon a reasonable assumption of usage considering the connected load. If a Customer has received gas service from the Company prior to receiving service under this Rate Schedule but does not have daily telemetered records to determine peak day usage as described above, the Company shall determine a billing demand based on the greater of: 1) the month of highest consumption for the period to date multiplied by six percent (6%), or 2) 500 therms.

SERVICE AGREEMENTS

All Customers receiving service under this Rate Schedule shall be required to execute the Company's

NASHVILLE GAS CC ANY
665 Mainstream Drive
Nashville, Tennessee 37228
A Division of Piedmont Natural Gas Company
TRA Rate Schedule No 313

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standard contracts and/or service applications and shall be subject to the Company's Rules and Regulations as filed with and approved by the Tennessee Regulatory Authority (TRA)

PAYMENT TERMS

All bills for service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

RETURNED CHECK CHARGE

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

ADJUSTMENTS

Bills for transportation service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Rule No. 1220-4-1-12 of the TRA Rules and Regulations.

Purchased gas adjustments and all applicable taxes and fees are in addition to the above stated margin rates in accordance with the Rules, Regulations and Orders of the TRA and the Laws of the State of Tennessee.

SERVICE AVAILABILITY

All requests for new or additional service or the transfer of existing service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the TRA Rules and Regulations, Orders of the TRA, and the Laws of the State of Tennessee.

SERVICE CURTAILMENT

Gas service under this schedule is subject to the provisions contained within TRA Schedule No. 306, "Schedule for Limiting and Curtailing Service."

NASHVILLE GAS CC ANY
665 Mainstream Drive
Nashville, Tennessee 37228
A Division of Piedmont Natural Gas Company
TRA Rate Schedule No 313

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**AGENCY AUTHORIZATION FORM
RATE SCHEDULE NO.313**

EFFECTIVE DATE May 20, 2006

CUSTOMER _____

NAME OF FACILITY _____

ACCOUNT NUMBER(S) _____

AGENT _____

AGENT CONTACT _____

PHONE # _____

This is to advise **Nashville Gas Company** that _____ (**Customer**) has
authorized _____ (**Agent**) to act on its behalf for the following
transactions.

_____ nominations, _____ imbalance resolution, _____ billing,

of gas for the above listed account(s). Nashville Gas Company is hereby authorized to deal with the
Agent directly, and by signature below, the **CUSTOMER AND THE AGENT UNDERSTAND
THAT THEY ARE RESPONSIBLE, JOINTLY AND SEVERALLY FOR ANY AMOUNTS
DUE NASHVILLE GAS COMPANY ARISING UNDER THIS RATE SCHEDULE,
NASHVILLE GAS COMPANY'S TENNESSEE SERVICE REGULATIONS, OR AGENT'S
CUSTOMER AGENT AGREEMENT** which are not paid on these accounts. Customer will
provide Nashville Gas Company with a revised "AGENCY AUTHORIZATION FORM" at least six
(6) business days prior to the beginning of the month for the accounts designated, unless the Agent's
right to conduct business has been suspended by Nashville Gas Company without prior notice.

AUTHORIZED

SIGNATURE _____

FOR THE CUSTOMER

AUTHORIZED

SIGNATURE _____

FOR THE AGENT

Please Print

AGENT'S NAME _____

TITLE _____

PHONE # _____

FAX # _____

MAILING ADDRESS

Please submit to: End User Transportation
Nashville Gas Company
A Division of Piedmont Natural Gas Company
P O Box 33068
Charlotte, NC 28233
Fax # 704 365-8740

Effective
Docket no

May 20, 2006

RATE SCHEDULE NO. 314
INTERRUPTIBLE TRANSPORTATION SERVICE

AVAILABILITY

Gas service under this Rate Schedule is available in the area served by the Company in the State of Tennessee **ON AN INTERRUPTIBLE BASIS** to any full requirements non-residential Customer whose usage during any month of the 12-month period ended the 31st day of December was in excess of 500 therms per day. Availability under this Rate Schedule for new Customers will be based on reasonably anticipated usage. An existing Customer may also qualify for service under this Rate Schedule based upon reasonably anticipated usage by adding incremental load either by the installation of additional equipment or by increasing hours of operation. Service under this Rate Schedule is contingent upon the installation by the Company of telemetering equipment that reports daily consumption.

Once a qualified Customer elects service under this Rate Schedule, all services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule No. 309 concurrent with service provided under this Rate Schedule. Subject to the requirements set forth above, a Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule No. 304 and/or 310 by giving written notice to the Company prior to April 1 of any year. Proper notice having been provided, the Customer may discontinue service under this Rate Schedule effective the first June 1 following the notice.

Customers receiving services under this Rate Schedule shall maintain, in useable condition, alternate-fuel facilities with ample on-site alternate fuel capability for supplying 100% of the establishment's gas requirements during periods of gas interruption or curtailment. Such interruption or curtailment shall be immediately effective upon verbal or written notification by the Company, and Customer shall refrain from using gas until permitted to do so by the Company. It is understood and agreed that the Company will have the right to suspend gas service without further notice to the Customer in the event Customer fails to curtail Customer's use of gas in accordance with the Company's notice of curtailment.

Reclassification of customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Tennessee Regulatory Authority.

APPLICABILITY AND CHARACTER OF SERVICE

Transportation service is available under this Rate Schedule to any qualified Customer connected to the Company's system who has obtained an independent supply of natural gas and has arranged to have this supply delivered to one of the Company's existing delivery points for transportation by the Company to the Customer's facilities.

The Company will deliver **ON AN INTERRUPTIBLE BASIS** gas previously transported by a connected pipeline for the Customer's account under this Rate Schedule on a day-to-day basis in accordance with the Customer's scheduled and confirmed nominations. The Company reserves the right to suspend service on any day when, in the Company's sole opinion, its operating conditions are such that suspension of service is necessary. The Company reserves the right to limit, allocate, or direct third party gas nominations among the interstate pipelines serving the Company's distribution system, when, in the Company's sole opinion, such action is necessary to maintain the operational

RATE SCHEDULE NO. 314
INTERRUPTIBLE TRANSPORTATION SERVICE

integrity of the system

Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalance. Any imbalances shall be corrected by the Customer, insofar as practicable, during the month in which they occur. Customer may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance, subject to the operating limitations of the Company. The Company reserves the right to limit the amount of such imbalances to avoid operating problems and to comply with balancing requirements of any pipeline transporting gas hereunder. Customer will be responsible for any imbalance charges assessed by the pipeline in connection with any gas transported by the Company under this Rate Schedule. The Company reserves the right to reduce nominations when, in the judgment of the Company, such action is necessary to reduce or eliminate operational problems. Company will use its best efforts to notify the Customer or the Customer's agent before proceeding with a unilateral reduction and will notify Customer of any reduction to Customer's nomination that has been instituted by the Company.

By 10.30am central time four business days prior to the beginning of each month, the Customer shall inform the Company of its a) nomination of the daily quantity of gas to be transported for such month, and b) choice of pipeline for transportation for such month. If the Customer does not provide a timely nomination to transport gas, the Customer will not be entitled to receive gas service. By 10.30am central time five business days prior to the beginning of each month, the Customer must inform the Company of the nominating agent for gas to be transported.

Changes to nominations for gas transportation within the month are due by 10:30am central time on the day prior to gas flow.

Notwithstanding the above, if a supplier interrupts its sales service to Customer being transported hereunder, and such interruptions by the supplier occur within a month, Customer may reschedule alternative gas supplies which may be available to Customer subject to: a) normal daily nomination and confirmation deadlines and procedures b) any operational limitations of the Company and c) the availability of interruptible transportation service hereunder.

BALANCING

It shall be the Customer's responsibility to maintain a daily and monthly balance with its transporting pipelines to avoid any assessment of penalties against the Company. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer or Customer's agent is responsible for causing the Company to be assessed such penalties.

MONTHLY IMBALANCE RESOLUTION

Any differences between the quantities delivered to the Company's city gate facilities for the account of the Customer monthly, and the monthly quantities consumed by the Customer as metered, shall be the monthly imbalance. Unless the Company and Customer agree to correct imbalances "in kind," the imbalance shall be resolved monthly by "cashing out" the imbalances as they are known to exist at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer

RATE SCHEDULE NO. 314
INTERRUPTIBLE TRANSPORTATION SERVICE

will be deemed to be "short" by the amount of the deficiency, and the Company will sell the amount of the deficiency to the Customer by charging the price as specified below. If the Customer consumes less gas than has been delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus from the Customer by paying the price as specified below.

If the Customer's imbalance is less than or equal to 2% of the total monthly volume consumed, or if the total aggregated imbalance for the Agent is less than or equal to 2% of the total volume consumed by all of the Agent's Customers in that transportation pool, then the price paid by the Company if the imbalance is long or the price paid by the Customer (or Agent) if the imbalance is short will be the sum of (a) the average of the weekly "Weighted Index Price" as defined below " plus (b) the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price," including applicable fuel and surcharges, for delivery to Nashville's city gate, for the months of November through March, or the commodity rate under the applicable pipeline percentages as defined in the "Weighted Index Price," including applicable fuel and surcharges, for delivery to Nashville's city gate, plus \$0.05, for the months of April through October.

If the Customer (or Agent) is "short" by more than 2% of the monthly volume, the price paid by the Customer (or Agent) to the Company for each dekatherm of the total deficiency will be equal to the highest "Weighted Index Price" for any week beginning in the calendar month as published in *Natural Gas Week*, plus the pipelines Rate Schedule IT charges at the applicable pipeline percentages that comprise the "Weighted Index Price" and deliver to Nashville city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

If the Customer (or Agent) is "long" by more than 2% of the monthly volume, the price paid by the Company to the Customer (or Agent) for each dekatherm of the total surplus will be equal to the lowest "Weighted Index Price" for any week beginning in the calendar month as published in *Natural Gas Week*, plus the pipelines FT variable charges at the applicable pipeline percentages that comprise the "Weighted Index Price" and deliver to Nashville city gate, times the premium percentage corresponding to the percentage of the deficiency listed in the table below

Percentage of the Imbalance	Short (Premium)	Long (Discount)
Over 2% & less than 5%	100%	100%
Over 5% & equal to or less than 10%	120%	80%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal to or less than 20%	140%	60%
Over 20%	150%	50%

The "Weighted Index Price" shall be derived from the prices published in *Natural Gas Week* in the table Spot Prices on Interstate Pipeline Systems for the following pipeline designations and weighted by the corresponding percentages set forth below:

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Tennessee Gas Pipeline Co. Zone 0:South Texas	X	28.36% ¹
+		
Tennessee Gas Pipeline Co. Zone 1: South Louisiana	X	65.32% ¹
+		
Columbia Gulf Transmission Co., Rayne, La	X	6.32% ¹

The Company will collect gross receipts tax on the incremental gross gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment account in a manner consistent with Rule No. 1220-4-1-.12 of the TRA Rules and Regulations. Increments or decrements which may result from the PGA adjustments will not apply to the cash-out mechanism.

AGENCY AUTHORIZATION FORM

A Customer may authorize an Eligible Agent to act on its behalf with respect to the nominations, imbalance resolution, and/or billing under this Rate Schedule by executing an Agency Authorization Form in the form attached to this Rate Schedule. In order to be considered an Eligible Agent, a third-party must execute and be in compliance with all of the terms of the Customer Agent Agreement form set forth in Appendix A to the Company's Tennessee Service Regulations. To the extent that the Agent appointed by the Customer is common to other Customers of the Company, the Company will permit such Agent to aggregate all such qualifying Customers' transportation quantities for purposes of administering service to such Agent. Once a Customer has designated an Agent, the Agent is then authorized to act on behalf of that Customer and as such, the Agent can be considered as the Customer in all references contained within this Rate Schedule. The Customer may not change Agents within the calendar month without the permission of the Company, unless the Agent's right to conduct business has been suspended by the Company, in which case, the Customer may act without an Agent or may provide written notice to the Company of the new Eligible Agent designated by the Customer. The Company will provide reasonable notice to Customer in the event of any suspension of Customer's Agent. All agents must utilize the electronic means made available by the Company in order to submit nominations. The Company may recover all costs incurred in providing the agent access to the electronic bulletin board.

MARGIN RATE

Customer Charge (per month)	\$300.00
Commodity Charge (per therm)	
1 st Step (0-15,000 therms)	\$.09742
2 nd Step (15,001-40,000 therms)	\$.08953
3 rd Step (40,001-90,000 therms)	\$.06450
4 th Step (Over 90,000 therms)	\$.02764

¹ These percentages are the ratio of the contracted winter capacity in effect at the time of the Company's most recent general rate case.

RATE SCHEDULE NO. 314
INTERRUPTIBLE TRANSPORTATION SERVICE

MONTHLY MINIMUM BILL

The minimum monthly bill shall be the Customer Charge

MONTHLY CUSTOMER CHARGE

A charge will be billed monthly to all Customers for the availability of gas service. This charge will be in addition to the commodity charge.

SERVICE AGREEMENTS

All Customers receiving service pursuant to this Rate Schedule shall be required to execute the Company's standard contracts and/or service applications and shall be subject to the Company's Rules and Regulations as filed with and approved by the Tennessee Regulatory Authority (TRA).

PAYMENT TERMS

All bills for service are due upon presentation and the net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments made after that date shall be for the gross amount which is greater by five percent (5%) than the net billing.

RETURNED CHECK CHARGE

In the event a Customer's check for payment is returned to the Company marked NSF (Non Sufficient Funds) the Customer will be assessed a charge of \$20.00.

ADJUSTMENTS

Bills for transportation service are subject to adjustment caused by changes in the cost of purchased gas in accordance with Rule No. 1220-4-1-.12 of the TRA Rules and Regulations.

Purchase gas adjustments and all applicable taxes and fees are in addition to the above stated margin rates in accordance with the Rules, Regulations and Orders of the TRA and the Laws of the State of Tennessee.

SERVICE AVAILABILITY

All requests for new or additional service or the transfer of existing service to a higher priority end use will be considered based upon the Company's judgment as to the available gas supply, Customer's load factor or use pattern, end use, impact on the local economy, the TRA Rules and Regulations, the Orders of the TRA, and the Laws of the State of Tennessee.

SERVICE INTERRUPTION AND CURTAILMENT

Gas service under this schedule is interruptible and is subject to the provisions contained within TRA Schedule No 306, "Schedule for Limiting and Curtailing Service "

NASHVILLE GAS COMPANY
665 Mainstream Drive
Nashville, Tennessee 37228
A Division of Piedmont Natural Gas Company
TRA Rate Schedule No 314

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INTERRUPTIBLE TRANSPORTATION SERVICE

AGENCY AUTHORIZATION FORM
RATE SCHEDULE NO. 314

EFFECTIVE DATE _____

CUSTOMER _____

NAME OF FACILITY _____

ACCOUNT NUMBER(S) _____

AGENT _____

AGENT CONTACT _____ **PHONE #** _____

This is to advise **Nashville Gas Company** that _____ (**Customer**) has
authorized _____ (**Agent**) to act on its behalf for the following
transactions:

_____ nominations, _____ imbalance resolution, _____ billing,
of gas for the above listed account(s) Nashville Gas Company is hereby authorized to deal with
the Agent directly, and by signature below, the **CUSTOMER AND THE AGENT**
UNDERSTAND THAT THEY ARE RESPONSIBLE, JOINTLY AND SEVERALLY,
FOR ANY AMOUNTS DUE NASHVILLE GAS COMPANY ARISING UNDER THIS
RATE SCHEDULE, NASHVILLE GAS COMPANY'S TENNESSEE SERVICE
REGULATIONS, OR AGENT'S CUSTOMER AGENT AGREEMENT which are not paid
on these accounts. Customer will provide Nashville Gas Company with a revised "AGENCY
AUTHORIZATION FORM" at least six (6) business days prior to the beginning of the month
for the accounts designated, unless the Agent's right to conduct business has been suspended by
Nashville Gas Company without prior notice.

AUTHORIZED
SIGNATURE _____
FOR THE CUSTOMER

AUTHORIZED
SIGNATURE _____
FOR THE AGENT

Please Print

AGENT'S NAME _____ TITLE _____

PHONE # _____ FAX # _____

MAILING ADDRESS

Please submit to: End User Transportation
Nashville Gas Company
A Division of Piedmont Natural Gas Company
P O Box 33068
Charlotte, NC 28233
Fax # 704-365-8740

Docket No May 20, 2006
Effective

EXHIBIT C

APPENDIX A

CUSTOMER AGENT AGREEMENT

This Customer Agent Agreement ("Agreement") is made this _____ day of _____, 200_, by and between Nashville Gas Company ("NGC") and _____ ("Agent").

WHEREAS, NGC's natural gas transportation tariffs provide for the ability of customers receiving NGC's transportation services to designate and utilize a third-party agent for purposes of making nominations for and delivering natural gas to NGC on behalf of such customers and managing imbalances on the NGC system resulting from such activities; and

WHEREAS, in undertaking such activities on behalf of NGC's customers, such Agents have the capacity to create material economic and operational risks for NGC and its customers; and

WHEREAS, Agent desires to act as a Customer Agent on NGC's system; and

WHEREAS, NGC is willing to permit Agent to operate on its system under the terms and conditions set forth herein and under the parameters of NGC's approved tariffs and service regulations.

NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, NGC and Agent agree as follows:

1. Establishment and Maintenance of Creditworthiness Each Agent must establish credit with NGC in the form of a Letter of Credit, escrow deposit, parental guaranty, or otherwise, in form and substance acceptable to NGC, in an amount equal to or greater than the dollar value obtained by the following formula at all times:

The higher of Agent's average daily load for the previous month or Agent's First-of-Month confirmed daily nomination quantity for the new month x 3 days x (NYMEX prompt month close) x 1.25.

Each month, prior to nominating transactions for the first of the month business, an evaluation will be made to ensure that the established credit does not fall below the value obtained from the formula shown above. In the event Agent's established credit falls below the value obtained through application of the formula shown above, either during this monthly evaluation or at any other time, NGC may require that the value of said Letter of Credit, escrow deposit, parental guaranty, or other form of assurance be changed at any time in order to reestablish adequate creditworthiness hereunder. In the event Agent fails to establish creditworthiness as set forth above, or fails to comply within 5 days with directions from NGC to increase the amount of its credit instruments as provided herein, then Agent's right to conduct business on the NGC system

shall be suspended until such time as Agent shall be in compliance with the creditworthiness provisions set forth herein (including any requirements to increase said creditworthiness).

2. Customer Agent Imbalance Restrictions. Agent shall not create a cumulative intra-month imbalance which exceeds three times Agent's aggregate First-of-Month confirmed daily nomination quantity. If this cumulative month-to-date imbalance restriction is exceeded at any time, then Agent's authorization to conduct business on NGC's system shall be immediately suspended except to the extent of transactions designed to reduce Agent's cumulative month-to-date imbalance. Upon any such suspension, Agent's authorization to conduct business on the NGC system shall not be restored until such time as Agent is in full compliance with the provisions hereof and all applicable provisions of NGC's tariffs and service regulations.

3. Allocation of Imbalance Quantities/Penalties. Concurrent with the submission of monthly nominations, Agent shall provide NGC with a schedule of allocated nominations for customers to be served by Agent for the following month. This allocation shall serve as the basis for resolving imbalances with Agent's customers to the extent those imbalances are not resolved by Agent. In the event Agent fails to submit such schedule, and further fails to resolve any monthly imbalance during the term hereof, those imbalances and any attendant penalties shall be allocated to Agent's customers, *pro rata*, based upon the actual usage of each such customer during the month to which the unresolved imbalance and/or penalties is attributable.

4. Failure to Comply with Operational Notices, and Agent Creditworthiness and Imbalance Requirements. If Agent fails to adhere to the imbalance and credit requirements set forth above, or to obey specific instructions issued by NGC and designed to preserve the operational integrity of NGC's system, Agent (a) shall be subject to the Unauthorized Over Run Penalty provisions of NGC's Rate Schedule 306, and (b) shall have its right to transact business on NGC's system suspended.

5. Term. This Agreement shall become effective as of the date first written above and shall continue in full force or effect until terminated by either party hereto upon sixty (60) days written notice.

6. Supplemental Nature of Agreement. This Agreement is supplemental to the provisions of NGC's approved tariffs and service regulations, the provisions of which shall also apply to services rendered hereunder. As such, the restrictions and requirements set forth herein are cumulative in nature and in addition to any other imbalance or penalty provisions set forth in NGC's approved tariffs and service regulations.

7. Billing and Payment. Billings to Agent for any amounts due hereunder, and payments by Agent on such billings, shall be made in a manner consistent with the billing and payment provisions of the underlying transportation tariffs pursuant to which service is rendered.

8. Miscellaneous.

- A. Modification. This Agreement may not be modified or amended except by the execution of a written agreement by the parties hereto.
- B. Waiver. No failure by any party to enforce this agreement with respect to any default in the performance of any of the provisions of this Agreement shall operate or be construed to operate as a waiver thereof or of any similar future default.
- C. Assignment. This Agreement may not be assigned by any party hereto without the express written consent of the other party hereto.
- D. Jurisdiction. This Agreement and the respective obligations of the parties hereto are subject to all valid laws, orders, rules and regulations of the Tennessee Regulatory Authority and any other governmental bodies having jurisdiction.
- E. Conflict of Laws. The construction, interpretation, and performance of this Agreement shall be in accordance with the substantive laws of the State of Tennessee without regard to any conflicts of laws provisions thereof.

IN WITNESS WHEREOF, the undersigned parties have executed this agreement as of the year and date first written above.

AGENT

NASHVILLE GAS COMPANY
