

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

April 18, 2008

IN RE:

**NASHVILLE GAS COMPANY, A DIVISION OF
PIEDMONT NATURAL GAS COMPANY, INC.,
ACTUAL COST ADJUSTMENT ACCOUNT
FILING FOR THE TWELVE MONTHS ENDED
DECEMBER 31, 2006**

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**DOCKET NO.
07-00174**

**ORDER EXTENDING TIME PERIOD FOR CONCLUSION OF ACTUAL
COST ADJUSTMENT AUDIT OF NASHVILLE GAS COMPANY**

This matter is before the Hearing Officer for the purpose of hearing preliminary matters prior to the Hearing, setting a procedural schedule to completion and preparing the matter for a hearing before the panel. On July 16, 2007, Nashville Gas Company, a division of Piedmont Natural Gas Company, Inc. (the "Company"), filed its Actual Cost Adjustment Account Filing for the twelve months ended December 31, 2006. On April 3, 2008, the Utilities Division of the Tennessee Regulatory Authority ("Audit Staff") filed its Compliance Audit Report of the Actual Cost Adjustment Component of the Purchased Gas Adjustment Rule for the Company ("Audit Report"). The Audit Report recites that the 180-day time period for completion of the audit was extended on several occasions pursuant to TRA Rule 1220-4-7-.03(2). At the present the time for completion of the audit has been extended to April 21, 2008.

The Audit Report contains eighteen findings with recommendations. As a result of certain recommendations in the Audit Report, Advisory Staff of the Tennessee Regulatory Authority ("Authority" or "TRA") issued a data request on April 8, 2008 seeking responses from the Company to those recommendations by April 21, 2008.

On April 16, 2008, the Authority received a letter from counsel for the Company requesting that the audit period be extended beyond April 21, 2008 for a period of not less than sixty days. The Company sets forth its reasons for requesting an extension as follows:

Since the Audit Staff's report was filed, Piedmont has carefully studied the comments and recommendations contained in the report and has reached two conclusions. First, the Company believes that with some additional work by the Company and the provision of additional information to Audit Staff, a number of the discrete accounting issues that remain outstanding can be resolved. Second, the Company believes that Audit Staff and the Company's gas cost accounting personnel may have been "talking past each other" for some time with respect to matters involving whether certain gas costs recorded by the Company represent "accruals" or "actual gas costs" and how those costs should be reported to Audit Staff. Based on these conclusions, Piedmont believes that additional discussions between Audit Staff and the Company may be helpful in resolving some or all of the outstanding matters reflected in Audit Staff's report.

The Company also requests additional time for the Company to respond to the TRA data request issued on April 8, 2008 and for Audit Staff to file any reply it deems necessary after receiving the Company's responses. The Company states in its letter that Audit Staff has no objection to the requested extensions of time nor to having discussions with the Company as outlined in the letter.

TRA Rule 1220-4-7-.03(2) provides,

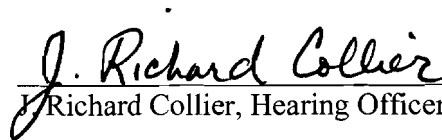
Unless the Authority provides written notification to the Company with one hundred eighty (180) days from the date of filing the report, the Deferred Gas Cost Adjustment shall be deemed in compliance with the provisions of these Rules. This 180 day notification period may be extended by mutual consent of the Company and the Authority Staff or by order of the Authority.

The Audit Report contains a significant number of findings. The data requests issued by Advisory Staff on April 8, 2008 require responses from the Company to the Audit Report. In addition, following receipt of the Company's responses, Audit Staff may wish to provide supplemental information. The Hearing Officer finds that there is a need to extend again the 180-day completion time period. For these reasons, the Hearing Officer hereby extends the time period for completion of the audit sixty days beyond the present completion date of April 21, 2008, or until June 20, 2008.

In addition, the Hearing Officer finds that additional discussions between the Company and Audit Staff during the sixty days would be helpful to the progress of this docket. Because counsel for Audit Staff concurs with the Company's request for additional time to communicate further regarding the Audit Report findings, the Hearing Officer directs the parties to proceed to hold such discussions as soon as practicable. In the event of the parties reaching resolution of any matters, the parties are directed to file any such agreements with the Authority.

IT IS THEREFORE ORDERED THAT

1. The time period for completion of the Company's ACA audit in this docket is hereby extended sixty days beyond April 21, 2008 to **June 20, 2008**.
2. The Company's responses to the TRA data requests issued on April 8, 2008 shall be filed in this docket no later than **May 21, 2008**. In the event Audit Staff desires to reply to the Company's responses, such reply shall be filed no later than **June 4, 2008**.
3. The Company and Audit Staff shall meet to discuss the Audit Report findings as soon as practicable and shall promptly file with the Authority in this docket any agreements resulting from those discussions.


Richard Collier, Hearing Officer