BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

January 11, 2008

IN RE:	)	
	)	
PETITION OF NASHVILLE GAS COMPANY FOR AUTHORITY TO PLACE CERTAIN DEFINED BENEFIT POST-RETIREMENT OBLIGATIONS IN A DEFERRED ACCOUNT	)	**DOCKET NO. 07-00200**

ORDER APPROVING PETITION FOR AUTHORITY TO PLACE CERTAIN DEFINED BENEFIT POST-RETIREMENT OBLIGATIONS IN A DEFERRED ACCOUNT

This matter came before Chairman Eddie Roberson, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on October 22, 2007 for consideration of the *Petition of Nashville Gas Company for Authority to Place Certain Defined Benefit Post-Retirement Obligations in a Deferred Account* (*"Petition"*).

THE *PETITION*

On August 31, 2007, Nashville Gas Company ("Nashville Gas" or "Company"), an operating division of Piedmont Natural Gas Company, Inc., filed a *Petition* for authority to place certain defined benefit post-retirement obligations in a regulatory deferred account so current regulatory treatment for the costs will not be altered due to the Company's adoption of the Financial Accounting Standard Board's Statement of Financial Accounting Standards

Number 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans* (*"SFAS No. 158"*). According to the *Petition*, Nashville Gas requests (1) that it be authorized to segregate all cost impacts of compliance with *SFAS No. 158* into a regulatory deferred asset account; and (2) that any issues related to proper amortization or actual recovery of such costs be postponed until a subsequent proceeding before the Authority in which such amortization or recovery is sought. The Company further requests that the accounting order it seeks be made effective October 31, 2007.

The Company states that the deferred account will not impact the total expenses to be incurred with regard to its defined benefit post-retirement obligations nor will it prompt a change in the methodology for the recovery of those costs. The Company states that the relief sought does not make any change to Nashville Gas' rates, terms or conditions of service and does not conflict with any Authority rule, regulation or policy.

FINDINGS AND CONCLUSIONS

At a regularly scheduled Authority Conference held on October 22, 2007, the voting panel assigned to this docket voted unanimously to approve the *Petition* and allow Nashville Gas to segregate all cost impacts of compliance with *SFAS No. 158* into a regulatory asset deferred account effective October 31, 2007. The panel further determined that any issues related to proper amortization or actual recovery of such costs be addressed in a subsequent proceeding before the Authority in which such amortization or recovery is sought.

IT IS THEREFORE ORDERED THAT:

1. Nashville Gas Company is granted approval to segregate all cost impacts of compliance with Financial Accounting Standard Board's Statement of Financial Accounting

Standards Number 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans* into a regulatory deferred asset account effective October 31, 2007.

2. Any issues related to proper amortization or actual recovery of such costs be addressed in a subsequent proceeding before the Authority in which such amortization or recovery is sought.

Eddie Roberson, Chairman

Sara Kyle, Director

Ron Jones, Director