



Piedmont
Natural Gas

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November 30, 2007

T.R.A. DOCKET ROOM

The Honorable Eddie Roberson, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Nashville Gas Company, Docket No. 07-00212

Dear Chairman Roberson:

On August 30, 2007, in accordance with the reporting provisions of Service Schedule No. 316, Performance Incentive Plan, in effect at that time, Nashville Gas Company ("Nashville" or "Company"), a division of Piedmont Natural Gas Company, Inc., submitted its annual report of shared gas cost savings for the period ending June 30, 2007, under Docket No. 07-00212.

At the Tennessee Regulatory Authority Conference held October 22, 2007, the voting panel assigned to Docket No. 05-00165 approved the Proposed Settlement Agreement between Nashville, the Office of the Attorney General, Consumer Advocate and Protection Division, and TRA Audit Staff. A primary attribute of the Proposed Settlement Agreement included modifications to Nashville's Service Schedule No. 316, effective July 1, 2006. Nashville hereby submits its annual report of the shared gas cost savings for the period ending June 30, 2007, in accordance with the revised provisions of Service Schedule No. 316 that were recently approved by the Authority. Furthermore, Nashville requests that the 180-day audit period in Docket No. 07-00212 begin anew upon receipt of this revised filing.

As the enclosed Gain/Loss Summary page indicates, the annual accumulated total gains and savings under the revised plan total \$4,142,729. Under the Plan's revised sharing formula, \$3,107,047 of these gains and savings is allocated to the Company's ratepayers. The remaining \$1,035,682 of the gains and savings is reflected as the Company's share. Detailed calculations supporting the amounts shown on the Gain/Loss Summary page are provided in this filing. Please note that all enclosures provided in this filing, with the exception of the Gain/Loss Summary page itself, contain CONFIDENTIAL INFORMATION.

A copy of the Gain/Loss Summary page is enclosed. Nashville requests that the Authority stamp this copy as "filed", and return it to me in the enclosed envelope.

Sincerely,

Kelly Choate
Regulatory Affairs

Enclosures

c: Cynthia Kinser

GAIN/LOSS SUMMARY

Report on Nashville Incentive Plan July 2006 - June 2007

Month	Year	Gas Procurement	25%	75%	Capacity	25%	75%	Total	25%	75%
		Incentive Mechanism	Nashville GPI Sharing	Ratepayer GPI Sharing	Management Incentive Mechanism	Nashville CMI Sharing	Ratepayer CMI Sharing		Total Nashville	Total Ratepayer
		<u>Gain/(Loss) 1/</u>	<u>Gain/(Loss) 2/</u>	<u>Gain/(Loss)</u>	<u>Gain/(Loss)</u>	<u>Gain/(Loss)</u>	<u>Gain/(Loss)</u>	<u>Gain/(Loss)</u>	<u>Gain/(Loss) 3/</u>	<u>Gain/(Loss) 3/</u>
July	2006	\$ 2,240	\$ 560	\$ 1,680	\$ -	\$ -	\$ -	\$ 2,240	\$ 560	\$ 1,680
August	2006	\$ 756	\$ 189	\$ 567	\$ 13,306	\$ 3,327	\$ 9,980	\$ 14,062	\$ 3,516	\$ 10,547
September	2006	\$ 2,374	\$ 594	\$ 1,781	\$ -	\$ -	\$ -	\$ 2,374	\$ 594	\$ 1,781
October	2006	\$ 3,797	\$ 949	\$ 2,848	\$ -	\$ -	\$ -	\$ 3,797	\$ 949	\$ 2,848
November	2006	\$ 234,519	\$ 58,630	\$ 175,890	\$ 319,871	\$ 79,968	\$ 239,904	\$ 554,391	\$ 138,598	\$ 415,793
December	2006	\$ 308,265	\$ 77,066	\$ 231,199	\$ 318,750	\$ 79,688	\$ 239,063	\$ 627,015	\$ 156,754	\$ 470,261
January	2007	\$ 367,385	\$ 91,846	\$ 275,539	\$ 318,750	\$ 79,688	\$ 239,063	\$ 686,135	\$ 171,534	\$ 514,601
February	2007	\$ 105,096	\$ 26,274	\$ 78,822	\$ 320,388	\$ 80,097	\$ 240,291	\$ 425,484	\$ 106,371	\$ 319,113
March	2007	\$ 267,048	\$ 66,762	\$ 200,286	\$ 325,847	\$ 81,462	\$ 244,385	\$ 592,895	\$ 148,224	\$ 444,671
April	2007	\$ 122,519	\$ 30,630	\$ 91,889	\$ 318,750	\$ 79,688	\$ 239,063	\$ 441,269	\$ 110,317	\$ 330,952
May	2007	\$ 106,324	\$ 26,581	\$ 79,743	\$ 332,607	\$ 83,152	\$ 249,455	\$ 438,932	\$ 109,733	\$ 329,199
June	2007	\$ 35,386	\$ 8,846	\$ 26,539	\$ 318,750	\$ 79,688	\$ 239,063	\$ 354,136	\$ 88,534	\$ 265,602
		\$ 1,555,709	\$ 388,927	\$ 1,166,782	\$ 2,587,020	\$ 646,755	\$ 1,940,265	\$ 4,142,729	\$ 1,035,682	\$ 3,107,047

1/ The monthly gain or loss set forth in this column reflects total gains or losses calculated under the gas procurement mechanism.

2/ Nashville GPI sharing reflects 25% of gains or losses calculated under the gas procurement mechanism.

3/ Nashville is subject to a cap on overall gains or losses of \$1.6 million annually. Any gains above this cap will be reflected in the Total Ratepayer Gain/(Loss) column.