Piedmont Natural Gas

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TN REGULATORY AUTHORITY
UTILITIES DIVISION

August 29, 2008

The Honorable Tre Hargett, Chairman
c/o Sharla Dillion – Docket Room
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

08-00164

Re: Piedmont Natural Gas Company, Inc., Performance Incentive Plan Report

Dear Chairman Hargett:

In accordance with the reporting provisions of Service Schedule No. 316, Performance Incentive Plan, ("Plan"), Piedmont Natural Gas Company Inc. ("Company"), submits the accompanying annual report of shared gas cost savings for the period July 1, 2007, through June 30, 2008 and the revised quarterly report of shared gas cost savings for the period February 1, 2008, through April 30, 2008.

As the enclosed Gain/Loss Summary page indicates, the annual accumulated total gains and savings under the plan total $5,699,370. Under the Plan's sharing formula, $4,274,527 of these gains and savings is allocated to the Company's Tennessee ratepayers. The remaining $1,424,842 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. The Company requests that the Authority stamp this copy as "filed", and return it to me in the enclosed envelope.

Sincerely,

Kelly Choate

Kelly Choate

Regulatory Affairs

Enclosures

c: Cynthia Kinser
Pat Murphy

Piedmont Natural Gas Company, Inc.

GAIN/LOSS SUMMARY

Report on Performance Incentive Plan
July 2007 - June 2008

Month	Year	Gas Procurement Incentive Mechanism Gain/(Loss) 1/	25% Company GPI Sharing Gain/(Loss) 2/	75% TN Ratepayer GPI Sharing Gain/(Loss)	Capacity Management Incentive Mechanism Gain/(Loss)	25% Company CMI Sharing Gain/(Loss)	75% TN Ratepayer CMI Sharing Gain/(Loss)	Total Gain/(Loss)	25% Total Company Gain/(Loss) 3/	75% Total TN Ratepayer Gain/(Loss) 3/
July	2007	$ 11,932	$ 2,983	$ 8,949	$ -	$ -	$ -	$ 11,932	$ 2,983	$ 8,949
August	2007	$ 37,097	$ 9,274	$ 27,823	$ -	$ -	$ -	$ 37,097	$ 9,274	$ 27,823
September	2007	$ 40,038	$ 10,010	$ 30,029	$ -	$ -	$ -	$ 40,038	$ 10,010	$ 30,029
October	2007	$ 67,724	$ 16,931	$ 50,793	$ 12,030	$ 3,008	$ 9,023	$ 79,754	$ 19,939	$ 59,816
November	2007	$ 42,986	$ 10,747	$ 32,240	$ 89,135	$ 22,284	$ 66,851	$ 132,121	$ 33,030	$ 99,091
December	2007	$ 357,218	$ 89,304	$ 267,913	$ 70,796	$ 17,699	$ 53,097	$ 428,014	$ 107,003	$ 321,010
January	2008	$ 102,591	$ 25,648	$ 76,943	$ 402,549	$ 100,637	$ 301,911	$ 505,139	$ 126,285	$ 378,854
February	2008	$ 164,715	$ 41,179	$ 123,536	$ 543,430	$ 135,858	$ 407,573	$ 708,145	$ 177,036	$ 531,109
March	2008	$ 564,871	$ 141,218	$ 423,653	$ 859,844	$ 214,961	$ 644,883	$ 1,424,714	$ 356,179	$ 1,068,536
April	2008	$ 140,921	$ 35,230	$ 105,691	$ 814,330	$ 203,582	$ 610,747	$ 955,251	$ 238,813	$ 716,438
May	2008	$ 20,967	$ 5,242	$ 15,725	$ 605,862	$ 151,466	$ 454,397	$ 626,829	$ 156,707	$ 470,122
June	2008	$ 158,669	$ 39,667	$ 119,002	$ 591,666	$ 147,916	$ 443,749	$ 750,335	$ 187,584	$ 562,751
		$ 1,709,729	$ 427,432	$ 1,282,297	$ 3,989,640	$ 997,410	$ 2,992,230	$ 5,699,370	$ 1,424,842	$ 4,274,527

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

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

3/ The Company 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 TN Ratepayer Gain/(Loss) column.