

**PIEDMONT NATURAL GAS COMPANY, INC.
ACTUAL COST ADJUSTMENT ACCOUNT FILING
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
DOCKET NO. 09-00093
TRA ADVISORY STAFF DATA REQUEST NO. 3
April 29, 2010**

1. Please complete Attachment A with corrected amounts as requested on the schedule. Please note: the 1% cap should be one year of gas costs using the ACA period January 2008-December 2008; and the total hedging costs attributable to the 2009, 2010 and 2011 period should be the total of the monthly amounts for that period as completed on Attachment B.

Response: See Attachment A. This calculation results in an over-recovery of \$2,660,435. However, as noted in the Company's response to TRA Advisory Staff Data Request No. 2, the over-recovered amount includes \$4,170,214 in margin related hedging costs in excess of 1% of Piedmont's annual gas costs calculated using Piedmont's methodology described in its response to Audit Staff's Draft Audit Report (and subject to Piedmont's right to record any gains and losses from the underlying hedging transactions in its ACA account without caps during subsequent periods) and the continued inclusion of non-margin related hedging costs of \$3,170,425 which do not exceed 1% of Piedmont's annual gas costs under Piedmont's base/target year approach for calculating the 1% cap on such costs.

Response provided by Piedmont Natural Gas on May 6, 2010.

PNG
09-00093
Response to Item 1
April 29, 2010 Data Request

ATTACHMENT A

<u>Line #</u>		<u>Response to 4/29/10 Data Request</u>	
1	2008 Hedging Costs Booked to ACA Account	9,517,229.00	Note 1
2	Hedging Costs Benefiting 2009-2011	<u>2,474,574.00</u>	
3	Hedging Costs Attributable to 2008 (L1 - L2)	<u>7,042,655.00</u>	
4	Hedging Costs (enter as negative)	(7,042,655.00)	
5	Margin Requirement (Paid)/Received	-	Included in Line 1
6	Total hedging related costs subject to cap	<u>(7,042,655.00)</u>	A/
7	Cap (1% of Gas Costs)	<u>2,205,630.00</u>	
8	Amount over Cap	<u>(4,837,025.00)</u>	
9	Net Gains and Losses on Closed Positions	<u>2,176,590.00</u>	
10	Total Costs Allowed to be Recovered	<u>4,382,220.00</u>	B/
11	Under (Over-recovery of Hedging Costs)	<u>(2,660,435.00)</u>	Sum of A + B

Note 1: 2008 Hedging Costs Booked to ACA Account for this schedule includes gains or losses on closed positions, margin requirements and period expenses.
The Company does not consider gains and losses on closed positions to be classified as hedging costs under Rate Schedule 316.

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2. Please complete Attachment B with the appropriate amounts as outlined on the attachment.

Response: See Attachment B.

Response provided by Piedmont Natural Gas on May 6, 2010.

PNG
09-00093
Response to Item 2
April 29, 2010 Data Request

**Distribution of 2008 Booked
Hedging Costs to Benefit Period**

Hedging Costs Booked in 2008 3,170,425.00
Net Losses on Closed Positions 2,176,590.00
Margin Requirements Booked in 2008 4,170,214.00
Input total 2008 booked hedging cost in green box > 9,517,229.00 A/

Hedging Costs Benefit Attributable to 2008												2008 Total
Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	
-	(35,300)	-	-	-	-	-	756,785	3,138,551	2,461,548	(1,137,141)	1,858,213	7,042,655 D/

Hedging Costs Benefit Attributable to 2009												2009 Total
Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	
383,567	349,788	355,686	-	-	-	-	-	-	-	292,643	287,109	1,688,793

Hedging Costs Benefit Attributable to 2010												2010 Total
Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	
197,141	193,291	290,109	-	-	-	-	-	-	-	125,240	-	805,781

Hedging Costs Benefit Attributable to 2011												2011 Total
Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	
												-

Total 2008 Booked Hedging Costs 9,517,229 B/

Total Hedging Costs Attributable to 2009 - 2011 2,474,574 C/

A/ This amount should equal the amount input on Attachment A, line 1.
B/ This formula sums individual distribution to check accuracy of distribution to total 2008 booked hedging costs A/.
C/ This amount should be input on Attachment A, line 2.
D/ This amount should agree with Attachment A, line 3.

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3. Please provide the amount of interest due to/from customers in the Commodity component of the ACA filing correlating with Attachment A provided with this request. Please provide supporting calculations.

Response: Please refer to the Company's response to TRA Advisory Staff Data Request No. 2, which calculates the restated interest due adjustment on the ACA account as an over-recovery of \$5,527.27.

Response provided by Piedmont Natural Gas on May 6, 2010.