

**IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

IN RE:)
)
Petition of Piedmont Natural Gas Company,) DOCKET NO. 09-00104
Inc. for Approval of Service Schedule No.)
317 and Related Energy Efficiency)
Programs)

**DISCOVERY REQUEST OF THE CONSUMER ADVOCATE TO PIEDMONT
NATURAL GAS COMPANY, INC.**

To: Piedmont Natural Gas Company, Inc.
c/o Mr. R. Dale Grimes, Esq.
Bass, Berry & Sims
315 Deaderick Street, Suite 2700
Nashville, TN 37238-3001

This Discovery Request is hereby served upon Piedmont Natural Gas, Inc., ("Piedmont," or "Company"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. We request that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o Ryan L. McGehee on or before October 29, 2009.

PRELIMINARY MATTERS AND DEFINITIONS

Each discovery request calls for all knowledge, information and material available to Company, as a party, whether it be the Piedmont's, in particular, or knowledge, information or material possessed or available to Piedmont's attorney or other representative.

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Piedmont which would make a prior response inaccurate, incomplete, or incorrect. In addition, the Consumer Advocate and Protection Division of the Tennessee Attorney General ("Attorney General" or "Consumer Advocate") requests that Piedmont supplement responses hereto with respect to any question directly addressed to the identity and location of persons having knowledge of discoverable matters, and the identity of each person expected to be called as an expert at hearing, the subject matter on which the expert is expected to testify, and the substance of the expert's testimony.

These discovery requests are to be interpreted broadly to fulfill the benefit of full discovery. The singular of any discovery request includes the plural and the plural includes the singular. To assist you in providing full and complete discovery, the Attorney General provides the following definitional guidelines.

The terms "and" and "or" shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

The term "communication" means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

For purposes of these discovery requests, the term "you" shall mean and include: Piedmont and all employees, agents and representatives thereof.

The term "person" or "persons" as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever. Where a company or organization is the party being served, all

responses must include the company's response. Moreover, the company's designated person for responding must assure that the company provides complete answers. *A complete answer must provide a response which includes all matters known or reasonably available to the Company.*

The term "identity" and "identify" as used herein, with respect to any person, means to provide their name, date of birth, current residence address, current residence telephone number, current business address, current business telephone number, and the occupation or job title of that person; with respect to an entity, those terms mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by that entity; with respect to any document, those terms mean to provide the date of the document, the nature of the document, the title of the document, the reference number (if any) of the document, and the current location of the document, including the identity of the person or entity in possession of the document.

The term "document" as used herein, means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, workpaper, spreadsheet, e-mail, note, photograph, tape recording, computer disk or record, or other data compilation in any form without limitation. Produce the original and each copy, regardless of origin or location, of any book, pamphlet, periodical, letter, note, report, memorandum (including memoranda, note or report of a meeting or conversation), spreadsheet, photograph, videotape, audio tape, computer disk, e-mail, or any other written, typed, reported, transcribed, punched, taped, filmed, or graphic matter, however produced or reproduced, which is in your possession, custody or control or

which was, but is no longer, in your possession, custody, or control. If any such document was, but no longer is, in your possession or control, state what disposition was made of it and when. If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy), each version shall be treated as a different document and each must be identified and produced.

If you produce documents in response to these discovery requests, produce the original of each document or, in the alternative, produce a copy of each document and identify the location of the original document. If the "original" document is itself a copy, that copy should be produced as the original.

If any objections are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege asserted.

If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

If any of the interrogatories are not answered on the basis of privilege or immunity, include in your response to each such interrogatory a written statement evidencing:

- (a) the nature of the communication;
- (b) the date of the communication;
- (c) the identity of the persons present at such communication; and
- (d) a brief description of the communication sufficient to allow the Authority to rule on a motion to compel.

If, for any reason, you are unable to answer a discovery request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate

and 2) such information available to you as comes closest to providing the information requested. If you have reason to believe that other sources of more complete and accurate information exist, identify those sources.

If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

FIRST DISCOVERY REQUESTS

1. Please provide electronic copies (preferably in Microsoft Excel format) of any and all exhibits filed with, or in relation to, Piedmont's Petition, including Company responses to the Data Requests of the Tennessee Regulatory Authority ("TRA").

RESPONSE:

2. Identify any and all expert witnesses the Company intends to call in support of the petition in this docket, and for each expert witness:

- (a) Identify the field in which the witness is to be offered as an expert;
- (b) Provide complete background information, including the witness's current employer, as well as his or her educational, professional and employment history, and qualifications within the field in which the witness is expected to testify;
- (c) Identify all publications written or presentations presented in whole or in part by the witness, including either a copy of all such publications and presentations or a reference to where such publications and presentations may be publicly obtained;
- (d) Provide the grounds (including without limitation any factual bases) for the opinions to which the witness is expected to testify, and provide a summary of the grounds for each such opinion;

- (e) Identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony;
- (f) Identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;
- (g) Identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert; and
- (h) Please produce copies of all documents, summaries, charts, trade articles, journals, treatises, publications, workpapers, and file notes produced by any proposed expert witness in evaluating, reaching conclusions or formulating an opinion in this matter;
- (i) Please produce copies of all pre-filed testimony produced or sponsored by the Company's expert witnesses in the last five years.

RESPONSE:

3. Please provide the actual number of residential customers and actual usage by rate schedule in the format of Piedmont's response to TRA Data Request #1-2 dated August 7, 2009 for the following months:

November 2003
December 2003
January 2004
February 2004
March 2004
April 2009
May 2009
June 2009
July 2009

August 2009
September 2009

RESPONSE:

4. Provide the total normal degree days by month from November 2003 through September 2009. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

5. Provide the total actual degree days by month from November 2003 through September 2009. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

6. Provide the Base Load (therms per month) for the twelve month periods ending September 2008 and September 2009. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

7. Provide the Heat Sensitivity Factor (therms per Heating Degree Day) for the twelve month periods ending September 2008 and September 2009. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

8. Provide the R Factor (therms per Heating Degree Day) for the twelve month periods ending September 2008 and September 2009. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

9. Provide the Margin Decoupling Deferred Account Adjustment Calculation for each month from November 2004 through September 2009 using TRA Docket #03-00313 as the "Relevant Rate Order". Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

10. Provide the Margin Decoupling Deferred Account Adjustment Calculation for each month from November 2008 through September 2009 using the test period ending September 2008 as the "Relevant Rate Order". Provide all workpapers (in electronic

spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

11. Provide the average market price (Henry Hub) per dekatherm of natural gas and the average price per dekatherm paid by the Company by month from November 2003 through September 2009. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

12. Provide a mathematical calculation for measuring conservation and the efficient use of natural gas by residential customers in Tennessee from the twelve months ended September 2008 to the twelve months ended September 2009. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

13. Provide the total normal degree days by month from November 2003 through October 2004 as agreed to in TRA Docket #03-00313. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to

develop this response and explain all assumptions and calculations used.

RESPONSE:

14. Provide the dollar amount agreed to by Piedmont to spent on energy efficiency programs in North Carolina and the actual amount spent by Piedmont on their energy efficiency programs in North Carolina. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

15. Provide all monthly Computation of Customer Utilization Adjustment amounts reported to the North Carolina Utilities Commission and the total amount per residential customer since its inception. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

16. Provide the cumulative percentage increase per residential customer for the Customer Utilization Tracker ("CUT") since inception through September 2009 in North Carolina. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

17. Provide the cumulative percentage increase per residential customer for the Customer Utilization Tracker ("CUT") solely due to weather since inception through September 2009 in North Carolina. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

18. Provide the reported rate of returns to the North Carolina Utilities Commission over the last ten calendar years. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

19. Provide the basis for continuing the monthly Weather Normalization Adjustment ("WNA") in Tennessee if the Margin Decoupling Deferred Account Adjustment is adopted. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

20. Provide and describe the anticipated reporting record, i.e. monthly, annually and type to the TRA by Piedmont proposed for the Margin Decoupling Plan and Energy Efficiency Programs.

RESPONSE:

21. Provide the Margin Decoupling Deferred Account Adjustment Calculation solely due to weather for each month from November 2004 through September 2009 using TRA Docket #03-00313 as the "Relevant Rate Order". Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

22. Provide the Margin Decoupling Deferred Account Adjustment Calculation solely due to weather for each month from November 2008 through September 2009 using the test period ending October 2008 as the "Relevant Rate Order". Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

23. Based on a report by the North Carolina Utilities Commission describing Piedmont's Customer Utilization Tracker dated October 2, 2008, Piedmont collects interest on the balance of deferred adjustments. Provide the annual interest rate to be applied to Piedmont's Customer Utilization Tracker and the proposed Margin Decoupling Account.

Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

24. Provide the capital structure for Piedmont Natural Gas for year-end 2007, 2008, and latest actual for 2009. Include dollar amounts, percentages, and cost rates for Long Term Debt, Short Term Debt, Preferred Stock, and Common Equity as applicable. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

25. Provide the actual Tennessee revenues by customer class, by rate schedule, and the Tennessee revenues by customer class that would have been realized had the Margin Decoupling Plan been in effect for each month from November 2008 through September 2009. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

26. Provide the actual Tennessee after-tax return on rate base for each month from November 2008 through September 2009. Provide all workpapers (in electronic spreadsheet

format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

27. Provide the Tennessee return on rate base that would have been realized had the Margin Decoupling Plan been in effect for each month from November 2008 through September 2009. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

28. Using the capital structure for June 2009, provide the actual Tennessee return on equity for each month from October 2008 through September 2009. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

29. Using the capital structure for June 2009, provide the Tennessee return on equity that would have been realized had the Margin Decoupling Plan been in effect for each month from October 2008 through September 2009. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

30. Provide any statements by bond rating agencies, financial analysts, or business publications relating to the effect of decoupling on the financial status (bond rating, risk, return on equity, etc.) of any natural gas company, including but not limited to Piedmont, during the past five years. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

31. Provide the Company's most recent S&P, Moody's and Fitch credit ratings, as well as those as of Dec. 31, 2008, Dec. 31, 2007, Dec. 31, 2006, and Dec. 31, 2005.

RESPONSE:

32. For each adjustment clause, rider, or other mechanism (i.e. ACA, WNA and non-gas costs passed through the PGA) that allows the Company to collect revenues by means other than base rates, please provide for each of the years 2004, 2005, 2006, 2007, and 2008, and as projected for 2009, the total company and Tennessee jurisdictional expense, revenue, and rate base (if applicable) associated with the revenue collected under these mechanisms. In the response, include the amounts for uncollectibles recovered through the PGA. Provide workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the

exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

33. Provide all empirical analyses, studies and other documentation which examine the cost of serving a new customer versus the cost of serving an existing customer. In your response please provide a detailed cost breakout (by primary USOA Account) that shows the cost of adding a new residential, commercial, and industrial customer versus the embedded (average) cost of serving existing residential, commercial, and industrial customers. Provide the requested information separately by customer group, i.e. residential, commercial, and industrial. Provide any associated documentation for the information provided in response to this request and explain all assumptions used. Provide workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

34. For each year from 2003 to 2008, please provide the amount of lost base revenue associated with energy efficiency. Provide the annual savings in therms as well as the associated lost base revenue. Provide any source data used to calculate these figures. Provide all workpapers (in electronic spreadsheet format with all formulas and links intact) and supporting documents used to develop this response and explain all assumptions and calculations used.

RESPONSE:

35. Provide the amount of advertising expense for the promotion of natural gas use in Tennessee by year by NARUC account for the years ended 2004, 2005, 2006, 2007, 2008 and year to date 2009.

RESPONSE:

36. Provide the amount of inducements paid to developers, home builders, government agencies, etc. for the use of natural gas in Tennessee by year by NARUC account for the years ended 2004, 2005, 2006, 2007, 2008 and year to date 2009.

RESPONSE:

37. State the amount of CIAC, and accumulated amortization of CIAC, by category, actually collected from each class of customer. If the Company does not have the requested information, please explain why it does not maintain records that would allow it to associate contributions collected from customers into their associated customer class. Provide the requested information for the years 2004 – 2008 and as projected by rate class for 2009.

RESPONSE:

38. Provide a detailed explanation of the Company's current CIAC policy and any allowances for plant categories for which the Company collects CIAC. Provide any associated documentation (policies, procedures, tariff pages, etc.) for the information provided in response to this request and explain all assumptions used.

RESPONSE:

39. Provide the average number of customers for each rate class for each of the years 2003 – 2008 and as projected by rate class for 2009. Provide the source documents containing the customer data supplied in response to this request. Provide any associated documentation for the information provided in response to this request and explain all assumptions used. Provide workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

40. Please refer to the Company's Response to TRA Data Request #1-1 and TRA Request#1-2. Provide this response and all data and associated workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

41. Refer to the Company's Response to TRA Data Request #1-2.

- a. Provide the analogous actual billing determinants and actual number of customers for each month of 1999 through 2002, 2003, January, February and March of 2004, and as projected for each month 2009. Provide workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

- b. Provide the analogous weather normalized data for each month, by customer class for 1999 through 2008, and as projected for each month of 2009. Provide workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

- 42. Refer to the Company's Response to TRA Data Request #1-2.
 - a. Provide the source for the number of customers.
 - b. Please explain if the number of customers is average or year-end and if an average, how it was calculated.

RESPONSE:

43. Please refer to the Company's Response to TRA Data Request #1-3. Please describe how the Company developed the 74 DT per customer figure cited in this response. Provide all workpapers and assumptions used in the development of the 74 DT per customer. Provide the workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

44. Provide normalized (weather adjusted) therms usage data and actual billing data for each commercial and industrial class of customers for each of the years 1999 – 2008 and as

projected by rate class for 2009. Provide any associated documentation for the information provided in response to this request and explain all assumptions used. Provide workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

45. Provide the base revenue and total for each current rate class, including commercial and industrial customers, for each of the years 1999 – 2008 and as projected by rate class for 2009. Provide any associated documentation for the information provided in response to this request and explain all assumptions used. Provide workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

46. Refer to the Company's Response to TRA Data Request #1-5. Provide copies of peer-reviewed articles which support the Company's response concerning the downward pressure on natural gas prices and reduced volatility associated with a reduction in demand for natural gas caused by residential energy efficiency and conservation programs.

RESPONSE:

47. Refer to the Company's Response to TRA Data Request #1-8.

- a. Provide a detailed description of the margin decoupling mechanism in North Carolina, including a discussion of each element of the mechanism that differs from that proposed for Tennessee, including the Company's request to maintain the WNA in Tennessee while the WNA has been eliminated in connection with the decoupling mechanism approved in North Carolina.
- b. Provide any subsequent analyses prepared by the Company addressing the pros and cons of the decoupling mechanism approved in North Carolina.
- c. Provide any correspondence between the Staff of the North Carolina Commission and the Company regarding the Company's decoupling mechanism approved in North Carolina.

RESPONSE:

48. Refer to the Company's Response to Data Request #1-8. Provide copies of peer-reviewed articles which the Company maintains support the contention that "a decoupling mechanism for our residential market in Tennessee will not impact the Company's overall risk to investors."

RESPONSE:

49. Refer to page 4 of the Company's Petition filed July 16, 2009. Please explain the Company's rationale for not including commercial and industrial customers in its decoupling proposal. Provide any and all analyses conducted by or for the Company in connection with making the determination that these two classes should not be part of the current decoupling proposal.

RESPONSE:

50. Describe any proposed changes and revisions to the Company's criteria for classifying customers as Residential, Small Commercial, or Large Commercial. Please quantify, individually, the impacts that weather variability, warming temperatures, ongoing energy conservation, and efficiency efforts of customers have had on the Company's financial performance. Provide all workpapers used in the documents provided. Provide the workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

51. Provide all studies, analyses, investigations, reviews, examinations, or assessments performed by or for the Company in connection with the proposed Margin Decoupling Tracker mechanism. Provide any associated documentation for the information provided in response to this request and explain all assumptions used. Provide workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

52. Quantify, individually, the impacts that weather variability, warming temperatures, ongoing energy conservation, and efficiency efforts of customers have had on Piedmont's financial performance. Provide all workpapers used in the documents provided. Provide the workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

53. Quantify, individually, the impacts that weather variability, warming temperatures, ongoing energy conservation, and efficiency efforts of customers have had on Piedmont's customers' bills. Provide all workpapers used in the documents provided. Provide the workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

54. Provide financial statements that show revenue by customer class, expenses by detailed USOA account and rate base by detailed USOA account on a total company and Tennessee jurisdictional basis. Provide the financial statements for the years 2004, 2005, 2006, 2007 and 2008. For each year, please provide the amount of revenue collected through an adjustment clause or rider and indicate that account in which it is included. For each year,

provide the expense or investment associated with the revenue collected through an adjustment clause or rider and indicate the account in which it is included.

RESPONSE:

55. Please identify the annual decrease in natural gas-use-per-customer attributable to customer energy efficiency efforts for the years 2006, 2007, and 2008 and the resulting loss of revenue for the Company. Provide workpapers supporting this response in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

56. Identify all Company Demand Side Management ("DSM"), energy efficiency, energy conservation programs now in operation in Tennessee, North Carolina and South Carolina. For each project identified, please provide:

- a. detailed description of the project,
- b. the date it was begun,
- c. the annual energy savings to date,
- d. the annual costs to date,
- e. the docket in which the project was approved by the regulatory agency,
and

- f. provide all cost benefit studies examining the cost of the DSM project relative to the therms savings.

RESPONSE:

57. Please refer to the Company's Petition, page 5, paragraph 13, where the Company states: "Piedmont proposes to initially spend \$500,000 a year on these programs, allocated as indicated on Exhibit B. Of this amount, Piedmont proposes to make shareholder contributions of \$250,000 in the first year, \$150,000 in the second year, and \$75,000 in the third year of the programs."

- a. If the Company is earning more than its authorized rate of return absent the shareholder contribution, does the Company agree that customers, not shareholders, are effectively paying for the energy efficiency programs?
- b. If the response to (a) is not affirmative, please explain why under the circumstances described in (a), shareholders would be making the contribution to energy efficiency programs as opposed to customers.

RESPONSE:

58. Please refer to the Company's Petition, page 5, paragraph 12, where the Company states: "These programs are similar to approved energy efficiency programs operated by Piedmont in North Carolina." Please describe any and all differences between the programs approved in North Carolina and the programs proposed in the instant proceeding.

RESPONSE:

59. Provide all empirical analyses, studies and other documentation which were conducted by or for the Company in connection with the selection of the amount it proposes to

spend on energy efficiency and the selection of the proposed energy efficiency programs in connection with its decoupling proposal.

RESPONSE:

60. Provide all literature in the Company's possession, custody, or control which examines the energy and demand savings associated with the energy efficiency programs proposed in the instant application.

RESPONSE:

61. For purposes of this request, please refer to Exhibit B to the Company's Petition, page 2, where it states: "According to the Department of Energy's Weatherization Assistance Program, the weatherization program, on average, reduces heating bills by up to 32% and overall energy bills by about \$350 per year. " Provide a citation for this statement and the source document.

RESPONSE:

62. For purposes of this request, please refer to Exhibit B to the Company's Petition, page 2, where it states: "Priority will be placed on providing assistance to eligible elderly individuals, individuals with disabilities, and eligible families with children." Please explain how the Company will identify these individuals.

RESPONSE:

63. For purposes of this request, please refer to Exhibit B to the Company's Petition, page 2, where it states: "The amount of energy efficiency measures provided to each participant may range from \$1,500 to \$3,500, and Piedmont anticipates the average cost to be around \$3,000 per home." Please explain how the Company arrived at these amounts and provide all analyses, studies, and other documentation undertaken by the Company in selecting the above amounts and the estimated average.

RESPONSE:

64. For purposes of this request, please refer to Exhibit B to the Company's Petition, page 4, where it states: "Piedmont may, at its discretion, lower the rebate amounts offered for each category depending upon the extent of customer participation, timing of implementation, and available funding." Also, please refer to the Residential Equipment Rebate Summary.

- a. Please describe all criteria that will be utilized by the Company in connection with lowering the rebate amounts.
- b. Please explain how the Company determined the amount of each rebate for the different hot water heaters and the natural gas forced air furnace.
- c. Please explain the criteria used to establish the minimum required efficiency for the hot water heaters and the natural gas forced air furnace.
- d. Provide all documentation supporting the Company's response to (a), (b) and (c).

RESPONSE:

65. For purposes of this request, please refer to Exhibit B. For each proposed program and for the cost associated with each program, please provide the budgets, workpapers, and other documentation which supports how the Company developed the cost of each program. Provide this information in the greatest level of detail possible. Provide any associated

documentation for the information provided in response to this request and explain all assumptions used. Provide workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

66. For purposes of this request, please refer to Exhibit B of the Company's Petition at pages 5 and 6.

- a. For each of the Company's proposed energy efficiency programs please provide the results of the following tests as defined by the California Standard Practice Manual: Participant Test, the Ratepayer Impact Test, the Total Resource Cost Test, and Program Administrator Cost Test.
- b. Provide the results and workpapers for each test conducted by the Company. Provide workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.
- c. Provide all documents which support any assumptions utilized by the Company in connection with performing the cost effectiveness tests.
- d. To the extent not provided in response to (c), please all documents supporting any free-rider or spillover assumptions.
- e. Is the Utility Cost Test a preformed by the Company the same as the Program Administrator Cost Test as defined in the California Standard Practice Manual?
- f. If the response to (e) is not affirmative, please describe all differences between the two tests.

RESPONSE:

67. Provide all studies, analyses, investigations, reviews, examinations, or assessments performed by or for the Company in selecting the proposed energy efficiency and conservation programs and evaluating the cost effectiveness of each. Provide any associated documentation for the information provided in response to this request and explain all assumptions used. Provide workpapers in electronic spreadsheet form, with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data does not exist in the exact format requested, please provide it in the format in which it is available and explain why it is not available in the format requested.

RESPONSE:

68. Identify all energy efficiency savings targets for each of the next five years associated with each of the Company's proposed energy efficiency and conservation programs. Provide all documents used in the preparation of this response.

RESPONSE:

69. Identify the estimated participation targets for each of the next five years associated with the Company's proposed energy efficiency and conservation programs. Provide all documents used in the preparation of this response.


RESPONSE:

70. Provide all documents in the Company possession, custody or control which set forth the methods, criteria, and techniques that the Company will utilize to measure the success of its proposed energy efficiency and conservation programs proposed as part of this proceeding.

Provide all documents used in the preparation of this response and provide all documents which discuss the method of measuring the success of the proposed energy efficiency and conservation programs.

RESPONSE:

Respectfully Submitted,



Ryan L. McGehee, BPR #025559
Assistant Attorney General
C. Scott Jackson, BPR# 011005
Senior Counsel
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
Telephone: (615) 532-5512
Fax: (615) 532-2910

Dated: October 13, 2009.

CERTIFICATE OF SERVICE

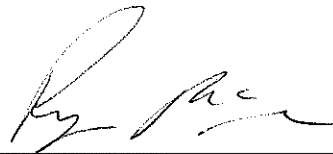
I hereby certify that a true and correct copy of the foregoing Discovery Request was served via U.S. Mail or electronic mail upon:

Jane Lewis-Raymond
Piedmont Natural Gas Company, Inc.
P.O. Box 33068
Charlotte, NC 28233

R. Dale Grimes
Bass, Berry & Sims PLC
315 Deaderick Street, Suite 2700
Nashville, TN 37238-3001

James H. Jefferies IV
Moore & Van Allen PLLC
100 North Tryon Street, Suite 4700
Charlotte, NC 28202-4003

This the 13 day of October, 2009.



Ryan L. McGehee