Piedmont Natural Gas

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August 28, 2009

Ms. Sara Kyle, Chairman
c/o Sharla Dillion – Docket Room
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

09-00125

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

Dear Chairman Kyle:

In accordance with the reporting provisions of Service Schedule No. 316, Performance Incentive Plan, ("Plan"), Piedmont Natural Gas Company ("Company"), submits the accompanying annual report of shared gas cost savings for the period July 1, 2008, through June 30, 2009.

As the enclosed Gain/Loss Summary page indicates, the annual accumulated total gains and savings under the plan total \$6,345,216. Under the Plan's sharing formula, \$4,758,912 of these gains and savings is allocated to the Company's Tennessee ratepayers. The remaining \$1,586,304 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,

Lashyia Porter

Lashyia Porter
Regulatory Affairs

Enclosures

c: Cynthia Kinser

P.O. Box 33068 • Charlotte, NC 28233 • www.piedmontng.com

Piedmont Natural Gas Company, Inc.

GAIN/LOSS SUMMARY

Report on Performance Incentive Plan
July 2008 - June 2009

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	2008	$ (4,616)	$ (1,154)	$ (3,462)	$ 610,066	$ 152,517	$ 457,550	$ 605,450	$ 151,362	$ 454,087
August	2008	$ 16,095	$ 4,024	$ 12,071	$ 635,382	$ 158,845	$ 476,536	$ 651,476	$ 162,869	$ 488,607
September	2008	$ 873	$ 218	$ 655	$ 737,730	$ 184,432	$ 553,297	$ 738,603	$ 184,651	$ 553,952
October	2008	$ (184,416)	$ (46,104)	$ (138,312)	$ 344,709	$ 86,177	$ 258,532	$ 160,292	$ 40,073	$ 120,219
November	2008	$ 124,665	$ 31,166	$ 93,499	$ 2,254,360	$ 563,590	$ 1,690,770	$ 2,379,025	$ 594,756	$ 1,784,269
December	2008	$ 65,309	$ 16,327	$ 48,982	$ 54,360	$ 13,590	$ 40,770	$ 119,669	$ 29,917	$ 89,752
January	2009	$ 109,691	$ 27,423	$ 82,268	$ 54,360	$ 13,590	$ 40,770	$ 164,051	$ 41,013	$ 123,038
February	2009	$ 530,112	$ 132,528	$ 397,584	$ 118,770	$ 29,693	$ 89,078	$ 648,882	$ 162,221	$ 486,662
March	2009	$ 205,630	$ 51,407	$ 154,222	$ 87,458	$ 21,865	$ 65,594	$ 293,088	$ 73,272	$ 219,816
April	2009	$ 19,049	$ 4,762	$ 14,287	$ 145,951	$ 36,488	$ 109,464	$ 165,000	$ 41,250	$ 123,750
May	2009	$ 64,686	$ 16,171	$ 48,514	$ 152,775	$ 38,194	$ 114,581	$ 217,461	$ 54,365	$ 163,096
June	2009	$ 75,514	$ 18,879	$ 56,636	$ 126,704	$ 31,676	$ 95,028	$ 202,218	$ 50,555	$ 151,664
		$ 1,022,590	$ 255,648	$ 766,943	$ 5,322,626	$ 1,330,656	$ 3,991,969	$ 6,345,216	$ 1,586,304	$ 4,758,912

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.