

**BASS BERRY + SIMS** nc

Virginia M. Yetter  
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(615) 742-7858

August 26, 2016

*Via Email  
and Hand-Delivery*

The Honorable Earl Taylor  
c/o Sharla Dillon  
Tennessee Regulatory Authority  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

***Re: Petition of Piedmont Natural Gas, Inc. for Approval of Negotiated Gas Redelivery Agreement with Bridgestone/Firestone, Docket No. 10-00015***

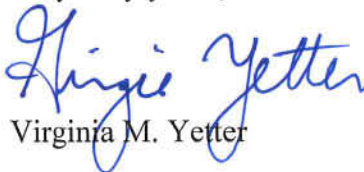
Dear Mr. Taylor:

Enclosed please find an original and five (5) copies of Piedmont Natural Gas Company, Inc.'s ("Piedmont") Notification of Automatic One-Year Extension of Bridgestone Negotiated Gas Redelivery Agreement. This document also is being filed today by way of email to the Tennessee Regulatory Authority Docket Manager, Sharla Dillon.

Please file the original and four copies of the document and stamp the additional copy as "filed." Then please return the stamped copy to me by way of our courier.

Should you have any questions concerning this matter, please do not hesitate to contact me at the email address or telephone number listed above.

Very truly yours,

  
Virginia M. Yetter

Enclosures

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

|                                     |   |                     |
|-------------------------------------|---|---------------------|
| IN RE:                              | ) |                     |
|                                     | ) |                     |
| APPLICATION OF PIEDMONT NATURAL GAS | ) |                     |
| COMPANY, INC. FOR APPROVAL OF       | ) | Docket No. 10-00015 |
| NEGOTIATED GAS REDELIVERY AGREEMENT | ) |                     |
| WITH BRIDGESTONE/FIRESTONE          | ) |                     |

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**NOTIFICATION OF AUTOMATIC ONE YEAR EXTENSION OF BRIDGESTONE  
NEGOTIATED GAS REDELIVERY AGREEMENT**

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Piedmont Natural Gas Company, Inc. ("Piedmont" or the "Company"), through counsel and pursuant to the October 28, 2010 *Order Granting Approval of Special Contract* ("Order") of the Tennessee Regulatory Authority (the "Authority"), hereby provides notice of the automatic one year extension of the negotiated Gas Redelivery Agreement between Piedmont and Bridgestone Americas Tire Operations, LLC ("Bridgestone"). By way of background, Piedmont states as follows:

1. It is respectfully requested that any notices or other communications with respect to this Notification be sent to:

Jane Lewis-Raymond  
Senior Vice President and Chief Legal, Compliance and External Relations Officer  
Piedmont Natural Gas Company, Inc.  
Post Office Box 33068  
Charlotte, NC 28233  
Telephone: 704-731-4261

and

R. Dale Grimes  
Bass, Berry & Sims PLC  
150 Third Avenue South, Suite 2800  
Nashville, TN 37201  
Telephone: 615-742-6244

and

James H. Jeffries IV  
Moore & Van Allen PLLC  
100 North Tryon Street, Suite 4700  
Charlotte, NC 28202-4003  
Telephone: 704-331-1079

2. Piedmont is incorporated under the laws of the State of North Carolina and is duly domesticated and is engaged in the business of transporting, distributing, and selling natural gas in the States of Tennessee, North Carolina, and South Carolina. Piedmont's principal office and place of business is located at 4720 Piedmont Row Drive, Charlotte, North Carolina.

3. Piedmont's natural gas distribution business is subject to regulation and supervision by the Authority pursuant to Chapter 4 of Title 65 of the Tennessee Code Annotated.

4. Piedmont is engaged in the business of furnishing natural gas to customers located in Nashville and the remainder of Davidson County as well as portions of the adjoining counties of Cheatham, Dickson, Robertson, Rutherford, Sumner, Trousdale, Williamson, and Wilson and in certain incorporated towns and cities located therein.

5. By Order issued on January 22, 1999 in Docket No. 98-00339, the Authority approved the provision of natural gas service by Piedmont to Bridgestone pursuant to a Gas Redelivery Agreement. This agreement permitted Bridgestone to acquire third-party gas supplies, transport or cause to have transported said supplies through interstate pipeline facilities to Piedmont's interconnection with Tennessee Gas Pipeline Company at meter station No. 2-0312 or Piedmont's interconnection with Columbia Gulf Transmission, and have Piedmont redeliver such supplies through its natural gas distribution system to Bridgestone's LaVergne, Tennessee manufacturing plant. The underlying justification for the Authority's approval of this agreement was the threat of bypass, a condition that persists in the ongoing provision of service to Bridgestone.



6. By Order issued on April 4, 2003, the Authority approved an amendment to this agreement, extending its term until December 31, 2005. The Authority concluded that the conditions supporting approval of the agreement in Docket No. 98-00339 were still present and continued to support a finding that bypass by Bridgestone was feasible and therefore, that a special contract between Piedmont and Bridgestone was appropriate.

7. Piedmont and Bridgestone subsequently re-negotiated an agreement for the redelivery of gas to Bridgestone at rates designed to avoid bypass of Piedmont's system. This new agreement ("Agreement") for the redelivery of gas to Bridgestone's LaVergne, Tennessee manufacturing plant was presented to and approved by the Authority in this docket by Order dated October 28, 2010, with an Agreement effective date of October 27, 2009.

8. The Agreement between Piedmont and Bridgestone has a five (5)-year term and automatic successive one (1)-year term extensions, unless one or both of the parties gives written notice of intent not to renew at least twelve (12) months prior to a new contract becoming effective. Pursuant to the Agreement, Piedmont agrees to provide daily firm redelivery service up to 250 Dths per day to Bridgestone at the LaVergne Plant. Piedmont further agrees to provide Bridgestone interruptible redelivery service at the LaVergne plant up to an additional 5,750 Dths per day.

9. The Order approving the Agreement directs Piedmont "to resubmit each year [notification of an] automatic extension following the initial five-year term to ensure that Bridgestone continues to meet the requirements for a long-term special contract...."<sup>1</sup> The Agreement's initial term expired on October 26, 2014 and neither party gave notice of termination of the agreement. As such, the Agreement was automatically extended for consecutive one year terms effective October 27, 2014 and October 27, 2015.

10. The one year extension of the agreement effective October 27, 2015 will expire on October 26, 2016. Neither party has given notice of termination of the Agreement; therefore,

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<sup>1</sup> *Order Granting Approval of Special Contract*, at p. 4, Docket No. 10-00015 (Oct. 28, 2010).

according to the terms of the Agreement, the Agreement will be extended for a one year term effective October 27, 2016. Piedmont hereby submits this Notification of such extension in accordance with the terms of the Order.

11. The four requirements the Authority considers in determining whether to approve a long-term special contract are as follows: 1) customer by-pass is imminent; 2) by-pass would be economical; 3) the contract rates and terms are just and reasonable and are not unduly preferential or discriminatory; and 4) the contract rates are the highest that could be negotiated.

12. As supported by the Affidavit of Bradley Scott Coop attached hereto, Piedmont represents that the conditions supporting approval of the Agreement are still present and continue to support a finding that bypass by Bridgestone is feasible, and therefore, that the extension of the Agreement is appropriate. Specifically, the automatic extension of the Agreement permits Bridgestone to maintain its service from Piedmont at negotiated rates, rather than seek to bypass Piedmont or to incur a dramatic increase in gas costs which could endanger the economic viability of Bridgestone's operations at the LaVergne plant and the jobs provided by that facility. Moreover, the economics of a bypass may be more favorable now in light of an increase in Piedmont's tariff rates and an increase in Bridgestone's consumption rates.

13. Based on the foregoing factors, Piedmont represents that renewal of the Agreement is appropriate and in compliance with the Order, and notifies the Authority of its intent to operate under the Agreement for the one year extended term described herein.

WHEREFORE, Piedmont Natural Gas Company, Inc., respectfully requests that the Authority: (1) accept this Notification; and (2) grant Piedmont such other relief as may be necessary or appropriate.

Respectfully submitted this 25th day of August, 2016.

**Piedmont Natural Gas Company, Inc.**

R. Dale Grimes *is/permission*  
R. Dale Grimes *VMY*  
Bass, Berry & Sims PLC  
150 Third Avenue South, Suite 2800  
Nashville, TN 37201  
Telephone: 615-742-6244

STATE OF NORTH CAROLINA

VERIFICATION

COUNTY OF MECKLENBURG

Bruce P. Barkley, being duly sworn, deposes and says that he is Vice-President  
— Regulatory Affairs, Rates and Gas Cost Accounting of Piedmont Natural Gas  
Company, Inc., that as such, he has read the foregoing Petition and knows the contents  
thereof, that the same are true of his own knowledge except as to those matters stated  
on information and belief and as to those he believes them to be true.

Bruce P. Barkley  
Bruce P. Barkley

Mecklenburg County, North Carolina

Signed and sworn to before me this day by Bruce P. Barkley

Date: 8/25/16 Jacqueline M. Berry  
Notary Public

(Official Seal)

My commission expires: 11/29/2016



# **EXHIBIT 1**





July 28, 2016

Bridgestone Americas Tire Operations, LLC  
Attn: Ken Dillard  
Controller  
1201 Bridgestone Parkway  
La Vergne, TN 37086

**Re: Automatic One Year Renewal of Gas Redelivery Agreement by and between  
Piedmont Natural Gas Company, Inc. ("Piedmont") and Bridgestone Americas Tire  
Operations, LLC ("BATO") dated October 27, 2009**

Dear Mr. Dillard:

As you know, Piedmont and BATO are parties to a Gas Redelivery Agreement dated October 27, 2009 (the "Agreement").<sup>1</sup> The Agreement provides that Piedmont will provide Bridgestone up to 250 Dths per day of daily firm Redelivery service, and up to an additional 5,750 Dths per day of interruptible Redelivery service at Bridgestone's La Vergne plant. The one year extension to the Agreement will expire on October 26, 2016. However, because neither party gave notice of termination of the Agreement, it was automatically extend for another one year term.<sup>2</sup>

The Order approving the Agreement directs Piedmont "to resubmit each year [notification of an] automatic extension following the initial five-year term to ensure that Bridgestone continues to meet the requirements for a long-term special contract...."<sup>3</sup> Concurrent with this letter agreement, and in accordance with the terms of the Order, Piedmont is submitting a Notification of the one year renewal. Section VIII of the Agreement (Payments and Reimbursements) specifies the rates and charges to be paid during the "initial Term" of the Agreement. The purpose of this letter agreement is to confirm and acknowledge that the rates specified in the Agreement will remain in effect during the one year renewal period.

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings given them in the Agreement.

<sup>2</sup> The Agreement has a five (5)-year "Initial Term" and automatic successive one (1)-year term extensions ("Rollover Term(s)") unless and until either Party gives written notice of its intent to terminate the Agreement to the other Party at least twelve (12) months prior to the expiration of the Initial Term or the then current Rollover Term. See Article VII (Term and Termination).

<sup>3</sup> Order Approving Application of Piedmont Natural Gas Company, Inc. for Approval of Negotiated Gas Redelivery Agreement with Bridgestone/Firestone, Docket No. 10-00015, at 4 (Oct. 28, 2010).

Please sign in the space indicated below to indicate your acknowledgement of the foregoing terms of this letter agreement.

Sincerely,

  
Frank Yoho

4720 Piedmont Row Dr.  
Charlotte, NC 28210

IN ACKNOWLEDGEMENT OF:

PIEDMONT NATURAL GAS COMPANY, INC.

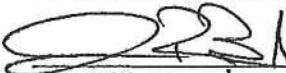
  
Frank Yoho

Senior Vice President-Chief Commercial Officer

DATE: 7/28/16

IN ACKNOWLEDGEMENT OF:

BRIDGESTONE AMERICAS TIRE OPERATIONS, LLC

  
~~Ken Dillard~~ JEREMY BADER  
Controller

DATE: 8/12/16

# **EXHIBIT 2**

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE  
DOCKET NO. 10-00015**

In the Matter of: )

Application of Piedmont Natural Gas )  
Company, Inc. for Approval of )  
Negotiated Gas Redelivery Agreement )  
With Bridgestone/Firestone )

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**AFFIDAVIT OF BRADLEY SCOTT COOP**

The undersigned, being duly sworn, deposes and says:

1. I am a citizen and resident of Davidson County, Tennessee.
2. I am neither an infant nor incompetent and have personal knowledge of the matters discussed herein.
3. I am employed by Piedmont Natural Gas Company ("Piedmont") as a Major Account Services representative. In this position, I manage Piedmont's large volume accounts in Nashville, including Piedmont's relationship with Bridgestone Americas Tire Operations, LLC ("Bridgestone").
4. The Piedmont/Bridgestone relationship currently is governed by a longstanding special contract arrangement which is tied to Piedmont's Rate Schedules 313 and 314 ("Bridgestone Contract" or "Contract").
5. While I was not involved in negotiating the Contract, in my opinion, the Contract was (and still is) necessary in order to avoid bypass. The Contract has proven beneficial to both Piedmont and Bridgestone. It has enabled Piedmont to retain one of its largest customers on the Nashville system, while permitting Bridgestone to benefit from a flexible rate that allows the company to carry firm capacity during periods of interruptions.
6. I am familiar with the four criteria specified in the Tennessee Regulatory Authority's ("Authority") October 28, 2010 Order that must be met in order

to approve a special contract. In my opinion, the Contract continues to meet all four criteria.

(i) *Customer by-pass is imminent* – Bridgestone's annual usage has increased since negotiating the Contract and likewise, Piedmont's tariff rates have increased. Higher consumption coupled with an increase in tariff rates may make the economics of a bypass more favorable now.

(ii) *By-pass would be uneconomic* – The Contract has made it economically unfeasible for Bridgestone to bypass Piedmont's system. I am not aware of there being any evidence to suggest that this condition has changed.

(iii) *The contract rates and terms are just and reasonable and are not unjustly preferential or unduly discriminatory* – Piedmont and Bridgestone engaged in lengthy, arms-length contract negotiations in order to reach an agreement that was just and reasonable to both parties. I am not aware of any circumstances that would deem the Contract unjustly preferential or unduly discriminatory.

(iv) *The contract rates are the highest that could be negotiated* – At the time the Contract was negotiated, as Piedmont has previously indicated to the Authority, the rates agreed upon were the highest that could be negotiated. Bridgestone and Piedmont have agreed to continue those rates during the one-year extension of the Contract. I am unaware of any circumstances that would suggest that higher rates could be successfully negotiated with Bridgestone.

7. Based on all of these considerations, it is my opinion that the Contract continues to satisfy the four criteria specified in the Authority's October 28, 2010 Order and that it should be extended for another one year period effective October 27, 2016.



This the 23rd day of August, 2016.

B. Scott Coop  
Bradley Scott Coop

Davidson County, Tennessee

Signed and sworn to before me this day by Bradley Scott Coop

Date: 8/23/16

Alyssa B. Whitney  
Notary Public

(Official Seal)

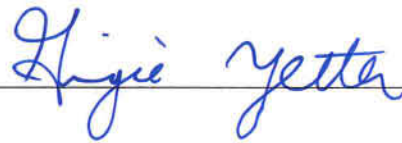
My commission expires: May 6, 2019



**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document was served by first class U.S. mail, postage prepaid, this 26<sup>th</sup> day of August, 2016, upon the following:

Vance L. Broemel  
Senior Counsel  
Office of the Tennessee Attorney General  
Consumer Advocate and Protection Division  
P.O. Box 20207  
Nashville, Tennessee 37202

A handwritten signature in blue ink, reading "Lige Yetter", is written over a horizontal line.