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January 23, 2012

VIA HAND DELIVERY

field electronically in docket office on 01/23/12

Chairman Kenneth C. Hill
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: ***Tariff Filing by Piedmont Natural Gas Company to Adjust and Correct
the Applicable Franchise Fee, Docket No. 10-00033***

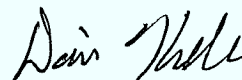
Dear Chairman Hill:

Enclosed please find an original and five (5) copies of the Testimony and Exhibits of David R. Carpenter on behalf of Piedmont Natural Gas Company, Inc.

This material is also being filed today by way of email to the Tennessee Regulatory Authority docket manager, Sharla Dillon. Please file the original and four copies of this material 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.

Sincerely,



David Killion

Enclosures

10461530.1

**Before the
Tennessee Regulatory Authority**

Docket No. 10-00033

**Tariff Filing by Piedmont Natural Gas Company to
Adjust and Correct the Applicable Franchise Fee**

**Testimony and Exhibits
of
David R. Carpenter**

**On Behalf of
Piedmont Natural Gas Company, Inc.**



January 23, 2012

1 **Q. Please state your name and business address.**

2 A. My name is David R. Carpenter. My business address is 4720 Piedmont
3 Row Drive, Charlotte, North Carolina.

4 **Q. By whom and in what capacity are you employed?**

5 A. I am employed by Piedmont Natural Gas Company, Inc. ("Piedmont" or the
6 "Company") as Vice President – Planning and Regulatory Affairs.

7 **Q. Please describe your educational and professional background.**

8 A. I received a B.S. degree from Furman University in 1977. In 1983, I
9 completed the requirements for and became a Certified Public Accountant in
10 North Carolina. In 1980, Deloitte, Haskins and Sells employed me as a staff
11 accountant, and I was promoted to senior assistant in 1981. I was employed
12 by Piedmont in 1982 as Supervisor of Property Records and in 1990 was
13 promoted to Manager of Financial Reporting and Property Records. I was
14 promoted to Manager of Rate Administration in 1993 and in February 2003
15 was promoted to Director of Rates. I was promoted to Managing Director
16 Regulatory Affairs in July 2006 and to my current position in July, 2011.

17 **Q. Mr. Carpenter, have you previously testified before the Tennessee**
18 **Regulatory Authority ("TRA") or any other regulatory authority?**

19 A. Yes. I have testified before the TRA, the North Carolina Utilities
20 Commission, and the Public Service Commission of South Carolina on a
21 number of occasions.

1 **Q. What is the purpose of your testimony in this proceeding?**

2 A. The purpose of my testimony in this proceeding is to address the factual
3 background and circumstances underlying the aggregate balance owed to
4 Piedmont in the Metro Government franchise fee account as of April 12,
5 2010 and the Authority's actions in this proceeding which effectively
6 disallow Piedmont's recovery of \$1,541,565 in franchise fee payments
7 previously made to the Metro Government.

8 **Q. What subjects will your testimony address?**

9 A. My testimony will describe the nature and functioning of the Metro
10 Government franchise fee account maintained by Piedmont and will then
11 focus on several issues related to the Authority's franchise fee disallowance
12 order and will explain why, in Piedmont's view, that order should be
13 modified on rehearing.

14 **Q. Can you please describe the nature of the Metro Government franchise
15 fee account and how that account functions?**

16 A. Yes. The Metro Government franchise fee account is how Piedmont
17 accounts for and tracks franchise fee payments made to the Metro
18 Government pursuant to a TRA approved franchise agreement and how
19 Piedmont recovers those payments from its customers. This account
20 operates essentially as a franchise fee tracker mechanism because neither the
21 amount of franchise fees owed to the Metro Government nor the amount of
22 franchise fee reimbursement payments due from customers during any
23 period are known until that period is over.

1 **Q. Why is that the case?**

2 A. Because the franchise fee obligation in the Metro Government franchise
3 agreement extends to all revenues of the Company except those generated in
4 areas where other franchises are in effect. This means that the Metro
5 Government collects franchise fees for revenues generated outside its
6 borders but Piedmont must collect those fees only from customers within the
7 Metro Government's boundaries. As a result, the correct franchise fee
8 recovery percentage applicable to Metro Government customers is always
9 more than 5% and cannot be determined until after the period for which the
10 fee is due to the Metro Government has been concluded. Similarly,
11 Piedmont cannot calculate its gross revenues for the areas subject to the
12 Metro Government franchise fee obligation until each applicable accounting
13 period is over.

14 **Q. What does this mean, as a practical matter, for the operation of the**
15 **Metro Government franchise fee recovery account?**

16 A. It means that the franchise fee percentage applicable to customer bills during
17 any period is an estimate based on the balance in the franchise fee account
18 and a projection of the ongoing franchise fee obligation of customers for the
19 current period.

20 **Q. Does Piedmont utilize this same methodology for all its franchise fee**
21 **accounts?**

22 A. No. The Metro Government franchise fee arrangement is unique in that all
23 other franchise fee payments are limited to the revenues generated within

1 the boundaries of the franchised entity. For all of Piedmont's other
2 franchise fee obligations the amount of the franchise recovery percentage
3 reflected in customer rates is fixed at the franchise fee percentage agreed to
4 in the franchise agreement.

5 **Q. Is the formula for how to calculate franchise fee retention percentages**
6 **for the Metro Government defined by regulation?**

7 A. No. There is very little in the way of directions in the statutes, regulations
8 or prior Authority orders about how to calculate or collect franchise fee
9 payment obligations. In fact, the only reference Piedmont has been able to
10 locate describing how the franchise fee recovery mechanism is supposed to
11 work is a quotation from a March 12, 1983 Order of the Tennessee Public
12 Service Commission in Docket No. U-82-7190 in which the Commission
13 states that "Commission Staff recommended that the Company establish a
14 special account to handle fee collections payable and revise the franchise fee
15 rate periodically to adjust for over and under collections payable. The
16 Commission adopts that recommendation."

17 **Q. What is your interpretation of this language from the Tennessee Public**
18 **Service Commission's order?**

19 A. To me, it indicates an acknowledgement of the tracker-type nature of the
20 Metro Government franchise fee recovery account and provides discretion
21 to the Company to periodically adjust its franchise fee recovery percentage
22 to address under-recoveries or over-recoveries in that account.

1 **Q. Were Piedmont's actions in this docket consistent with the Commission**
2 **Staff's approved procedures?**

3 A. Yes. Piedmont's filing in this docket was completely consistent with the
4 procedures outlined in the Commission order described above.

5 **Q. How has Piedmont historically calculated and implemented its**
6 **franchise fee recovery percentage for Metro Government customers?**

7 A. Piedmont periodically analyzed its most recent period under-recovery or
8 over-recovery of franchise fees from Metro Government customers,
9 estimated its current period Metro Government franchise fee obligations,
10 and then calculated a proposed franchise fee recovery percentage on the
11 basis of those two numbers.

12 **Q. How was that percentage implemented?**

13 A. Piedmont submitted a proposed revised tariff sheet reflecting the new
14 percentage to the TRA for approval and implementation following Staff
15 review.

16 **Q. How often were these proposed franchise fee revisions filed?**

17 A. In recent years we made these filings on a more or less annual basis but I
18 cannot say with certainty how far back that practice went because our
19 records do not go back past the period shown on the franchise fee account
20 spreadsheet filed with our initial filing in this docket.

21 **Q. In the past, have the proposed franchise fee rates ever been changed or**
22 **modified by the Authority after Piedmont filed them?**

23 A. Not to my knowledge.

1 **Q. Did Piedmont consider these to be rate filings when they were made?**

2 A. No. We do not consider these to be rate filings because they do not change
3 or in any way affect our rates. Instead, they simply provide for the
4 recoupment of franchise fees previously paid to the Metro Government. We
5 file them with the Authority out of deference for the Authority's supervisory
6 jurisdiction over our operations and because the franchise fee recovery rates
7 are reflected in a footnote to our rates and charges tariff sheet.

8 **Q. Prior to this proceeding, when was the last time Piedmont filed to**
9 **change its Metro Government franchise fee recovery percentage?**

10 A. In December of 2005. A copy of that filing is attached hereto as
11 Exhibit__(DRC-1).

12 **Q. When did Piedmont make its original filing in this docket?**

13 A. We filed to change our Metro Government franchise fee recovery rate in
14 February of 2010. A copy of that filing is attached hereto as
15 Exhibit__(DRC-2).

16 **Q. Is Exhibit__(DRC-2) different from Exhibit__(DRC-1)?**

17 A. Besides being for a different period, Exhibit__(DRC-2) also contains a
18 summary spreadsheet that shows the Metro Government franchise fee
19 account history back to 1996 which was not reflected in our December,
20 2005 filing. Exhibit__(DRC-2) also reflects a change in methodology
21 substituting the aggregate end-of-period balance in the account for the
22 current period imbalance, which is explained below.

1 **Q. What does Exhibit__(DRC-2) indicate about the operation of the**
2 **account during the period reflected on that spreadsheet?**

3 A. It indicates that during various periods over the last 15 years, Piedmont has
4 both over-collected and under-collected its franchise fee payments from
5 customers during various periods with the most current balance shown as a
6 debit balance of \$3,216,770.

7 **Q. Can you please explain the Authority's prior order disallowing**
8 **Piedmont's recovery of roughly half of this balance?**

9 A. It is my understanding that the Authority disallowed Piedmont's recovery of
10 approximately \$1.5 million of the then current debit balance in the account
11 because, in the Authority's view, it would be unfair to customers to allow
12 Piedmont to recover any debit balance "attributable" to a period prior to
13 Piedmont's last franchise fee recovery percentage filing in 2005.

14 **Q. Do you agree with that conclusion?**

15 A. No I do not. While I am confident that the Authority's action was well-
16 intended, I do not believe it was based on full understanding of the facts of
17 this matter.

18 **Q. Can you explain your first area of concern with the Authority's**
19 **franchise fee disallowance order?**

20 A. Yes. The first issue I have with the Authority's disallowance order is the
21 notion that the balance in the Metro Government's franchise fee recovery
22 account dates from periods prior to 2005. This conceptualization by the
23 Authority appears to be central to its conclusion that it would be unfair to

1 customers to allow Piedmont to recover a balance in that account that
2 predates Piedmont's last franchise fee adjustment filing in May of 2005.

3 **Q. What is your concern with the Authority's treatment of the balance in**
4 **the Metro Government franchise fee account?**

5 A. In Piedmont's view, the balance in that account was and is a current balance
6 but the Authority has conceptualized it as some form of amalgam of prior
7 period balances.

8 **Q. Can you explain your reasoning for this conclusion and why it makes a**
9 **difference?**

10 A. Yes. The reason it makes a difference is because any perceived
11 "unfairness" in charging customers for an "old" debit balance would seem to
12 be mitigated if the balance is a current one, which it is in this case. The
13 Metro Government franchise fee account functions much like our gas cost
14 recovery account and also very much like a simple deposit account at a
15 bank. For every period the account has been in existence it has had a
16 beginning balance, debits and credits made throughout the course of the year
17 (in the form of fees paid to the Metro Government and fees recovered from
18 customers), and then an ending balance. As is illustrated by the account
19 history attached hereto as page 3 of 5 of Exhibit__(DRC-2), in some periods
20 the fees collected from customers have exceeded the fees paid to the Metro
21 Government and in other periods the opposite has been true. In virtually
22 every period, however, the aggregate amounts credited and debited to the
23 account far exceed whatever ending balance results. This can be seen on
24 page 3 of 5 of Exhibit__(DRC-2) by looking at the amounts collected by
25 Piedmont and the amounts paid by Piedmont to the Metro Government for
26 any given period and then comparing those to the cumulative over/under-

1 collected balance at the end of that period. As is also illustrated by page 3
2 of 5 of Exhibit__(DRC-2), at the end of each accounting period, the ending
3 balance simply carries forward to the beginning balance for the next period.

4 **Q. Is this approach to accounting unusual in accounts of this nature?**

5 A. No. It is very common. In fact, it is essentially unavoidable in the context
6 of a tracker type mechanism like the Metro Government franchise fee
7 account.

8 **Q. Does Piedmont have other accounts that operate similarly?**

9 A. Yes. Perhaps the best example of a similar phenomenon is Piedmont's gas
10 cost recovery account. That account routinely runs a negative balance
11 (money owed to Piedmont) and is operated almost exactly like the Metro
12 Government franchise fee account. Debits are made to the account when
13 Piedmont makes payments on behalf of its customers to interstate pipelines,
14 storage companies and wholesale sellers of natural gas for the natural gas
15 and transportation capacity required to serve Piedmont's customers.
16 Similarly, credits are made to the account when monies are received from
17 customers to reimburse Piedmont for these costs. Because the total amount
18 of gas costs for any period are not knowable in advance (as is the case with
19 franchise fee payments to the Metro Government) and because the total
20 amount of gas costs recovered from customers for any period is similarly
21 not knowable in advance (as is the case with franchise fee recoveries), debits
22 never exactly match credits and an ending balance results. This is exactly
23 what happens in both the franchise fee account and gas cost account and the
24 mere existence of an ending debit balance or a series of ending debit
25 balances over consecutive periods does not indicate that the accounting is
26 functioning improperly or that the current balance is somehow "old."

1 **Q. Are you aware of any accounting principal or rule that would support**
2 **the conclusion that an end-of-period account balance in the Metro**
3 **Government franchise fee account was the product of specific prior**
4 **balances?**

5 A. No. It is obvious that the balance of any account of this type at any given
6 time is the product of all prior transactions in the account – but tying
7 specific past balances to the current balance and concluding that the current
8 balance is somehow not current does not make sense to me. For example, I
9 have a checking account that I routinely deposit money into and write
10 checks out of but I do not consider the current balance in the account to be
11 the product of specific past balances (even though those past balances have
12 all been positive) and I do not think the bank thinks about the balance in the
13 account in that fashion either.

14 **Q. What about the Authority's conclusion that the Metro Government**
15 **franchise fee recovery rates established in 2005 "were set on a going**
16 **forward basis and accounted for all prior under-collections that were**
17 **attributable to projected versus actual revenues during the period**
18 **preceding May of 2005?"**

19 A. I respectfully disagree with that conclusion on the basis that our 2005 filing
20 made no such representation and, in fact, the filing indicates it was made on
21 the basis of under-collections from the "Previous Months" of experience.
22 Reference is then made to the schedules attached to the filing which only
23 show data from the preceding franchise period (i.e. the period since our
24 prior franchise fee recovery percentage went into effect). To me, this
25 indicates that the data provided regarding the account imbalance was only
26 for the prior franchise fee period and not the aggregate historical balance of

1 the account. I acknowledge though that this distinction could easily have
2 been misunderstood by Staff or the Authority without the further
3 explanation from Piedmont which I am providing now.

4 **Q. What is your next concern with the Authority's franchise fee**
5 **disallowance order?**

6 A. In my opinion, the relief granted in that order is not appropriate because it
7 represents a forfeiture of a current balance in the account in a context where
8 such forfeiture is not warranted. In Piedmont's view, and at worst, the
9 aggregate under-recovered balance in the franchise fee account is simply the
10 result of an imperfect methodology used by Piedmont in updating the
11 franchise fee percentage during past periods which benefited customers and
12 harmed Piedmont while it was in effect. The remedy for such a situation
13 should be a modification of the methodology and a true-up of the account
14 balance – which was what Piedmont proposed in its most recent filing -
15 rather than a forfeiture. This is particularly true where there is no established
16 or approved methodology for the calculation in question, where Staff and
17 the Authority reviewed each and every prior franchise percentage change
18 implemented by Piedmont, and where no harm to customers resulted from
19 the methodology used by Piedmont.

20 **Q. Can you please explain how the debit balance was created in**
21 **Piedmont's Metro Government franchise fee account?**

22 A. Yes. As is evident from column 8 of page 3 of 5 of Exhibit__(DRC-2),
23 Piedmont's "Current Period" balances in the account were both debit and
24 credit balances throughout the history reflected on that spreadsheet.
25 Consistent with this fact, Piedmont's "Cumulative Over (Under) Collected"
26 balance also went up and down through the period reflected on

1 Exhibit__(DRC-2) but was consistently a debit balance overall. This means
2 that Piedmont's collection of franchise fees from Customers were lagging
3 behind its payment of franchise fees to the Metro Government.

4 **Q. What was the impact of this lag in collections from Metro Government**
5 **customers of some portion of the franchise fees?**

6 A. The impact was that customers paid slightly lower gas bills than they
7 otherwise would have if the correct franchise fee percentage had been
8 susceptible of being determined with accuracy during the period of
9 collection.

10 **Q. Is this a benefit or a detriment to customers?**

11 A. It is a benefit to customers in the sense that they paid less for the gas service
12 they received but it is also a detriment in that it created a current liability for
13 the subsequent period.

14 **Q. Does Piedmont recover interest on the under-collected balance in the**
15 **Metro Government franchise fee account?**

16 A. No. There is no interest recorded on this account. The aggregate debit
17 balance in the account essentially acts as an interest free loan to customers
18 and impairs Piedmont's working capital during the period of under-
19 recovery.

20 **Q. What would have happened if Piedmont had calculated its Metro**
21 **Government franchise fee percentage so as to ensure that the account**
22 **maintained a consistent credit balance?**

23 A. The situation would have been reversed. Customers would have paid more
24 than they should have for their gas service and Piedmont would have, in
25 essence, been able to use the overpayments as an interest free loan.

1 **Q. Piedmont was obviously aware that it was running a consistent debit**
2 **balance in this account, why didn't it act more aggressively to increase**
3 **the franchise fee percentage in its rates.**

4 A. There were several reasons Piedmont did not attempt to increase its
5 franchise fee collection percentage more aggressively. The first was that
6 because both weather and wholesale gas prices have a huge impact on the
7 total revenues collected during any period, Piedmont believed that a cold
8 winter period or changes in gas prices could largely correct the aggregate
9 debit balance in the account, which was relatively small compared to the
10 total amounts billed to customers by Piedmont for the actual provision of
11 natural gas sales and transportation service during this period. In fact, in
12 each of the years between 2006 and 2009, as is reflected on page 3 of 5 of
13 Exhibit__(DRC-2), Piedmont experienced net credit balances for several
14 periods which, in each instance, substantially reduced the aggregate debit
15 balance in the account. Second, Piedmont was very reluctant to
16 substantially increase the franchise fee percentage applicable to Metro
17 Government customers during this period of relatively high gas prices and
18 later economic hardship. Third, Piedmont felt like the aggregate debit
19 balance in the account for most of the period was manageable and a
20 relatively minor issue given the scope and scale of total costs charged to
21 Metro Government customers.

22 **Q. Did Piedmont make any mistakes in the management of the account**
23 **that you were aware of?**

24 A. Piedmont did utilize one practice in the management of the account that, in
25 retrospect, I would characterize and have characterized to the Authority
26 previously as a "mistake."

1 **Q. What was that practice?**

2 A. In formulating our new franchise fee recovery percentages, Piedmont
3 utilized the most recent period over/under-recovered balance in the account
4 rather than the aggregate over/under-recovered balance. That practice is
5 apparent from a review of our 2005 filing.

6 **Q. Why do you retrospectively consider this to be a mistake?**

7 A. Because it did not completely take into consideration the prior transactions
8 in the account which ultimately created an aggregate net imbalance owed to
9 the Company. If we had focused on the aggregate imbalance rather than the
10 current period imbalance, I believe we would have reached a better result.

11 **Q. Was this "mistake" the result of any improper behavior on the part of**
12 **Piedmont?**

13 A. No. We simply could have used a better methodology, in hindsight, that
14 would most likely have eliminated the need for the current discussions with
15 the Authority.

16 **Q. Was the approach Piedmont used predestined to result in an under-**
17 **recovery of franchise fees from Metro Government customers?**

18 A. No, it could have just as easily resulted in an over-recovery.

19 **Q. Has Staff ever challenged Piedmont's calculation of the franchise fee**
20 **recovery percentage?**

21 A. Not to my knowledge.

22 **Q. Did the Authority ever reject or revise proposed franchise fee retention**
23 **percentages filed by Piedmont on the basis of its prior methodology?**

24 A. Not to my knowledge.

1 **Q. If this practice had resulted in an over-recovery of franchise fees would**
2 **you contend that Piedmont was entitled to keep the over-recovered**
3 **balance.**

4 A. No. The franchise fee account is intended to act as a flow through
5 mechanism that recovers franchise fee payments made by Piedmont on a pro
6 rata basis from its customers. It is not intended to impact Piedmont's rates
7 or margin revenues at all. In fact, one of the aspects of the Authority's prior
8 ruling in this case that seems problematic to me is that the Authority almost
9 certainly would not have agreed to allow Piedmont to keep any aggregate
10 over-collection in the account at the point Piedmont changed its
11 methodology. Forcing Piedmont to forfeit the under-collection at that point,
12 therefore, appears to be more results than method driven.

13 **Q. Did Piedmont's calculation of franchise fee percentages change the**
14 **fundamental nature of the amounts in the franchise fee account?**

15 A. No, the debit balance in that account represents amounts owed to Piedmont
16 by customers as reimbursement for franchise fee payments made to the
17 Metro Government.

18 **Q. What is the proper remedy to address the debit balance in the franchise**
19 **fee account?**

20 A. In my opinion, the proposal we made in our initial filing in this docket was a
21 proper remedy. It provided for the collection of the aggregate under-
22 collected balance in the account through an amortization that spread that
23 debit balance out over a reasonable period.

24 **Q. Would it have been proper if the Authority had ordered Piedmont to**
25 **eliminate the amortization to collect the full balance during the current**
26 **period or to change the period over which the amortization occurred?**

1 A. Yes, I think that either of those actions would have been a reasonable
2 exercise of the Authority's jurisdictional powers. We proposed a more
3 gradual approach though in recognition of the difficult economic times and
4 because the aggregate debit balance was high by historical standards.

5 **Q. Do you think a forfeiture was appropriate in this proceeding?**

6 A. No. In my mind, the practice which I previously characterized as a
7 "mistake" in our accounting methodology does not merit a forfeiture in the
8 larger context of this matter. Based on conversations with our counsel, we
9 also have some concerns that the statutory context in which the Authority
10 ordered Piedmont to forfeit approximately \$1.5 million in franchise fees
11 may not provide a legal basis for that forfeiture. Our counsel will address
12 that issue with the Authority directly.

13 **Q. Do you have any other concerns with the franchise fee disallowance**
14 **order?**

15 A. Yes, I have one final concern. The order essentially draws a line at
16 Piedmont's last franchise fee recovery percentage revision and precludes
17 Piedmont from carrying forward the full ending balance in the account into
18 the following period. The practical effect of the Authority's order in this
19 case was to change the methodology for accounting for imbalances in the
20 Metro Government franchise fee account on a one-time basis. This is a
21 significant and apparently unique change in accounting methodology for this
22 account and was made without notice to or the opportunity to comment by
23 Piedmont.

24 **Q. Can you summarize your testimony please?**

25 A. Yes. Piedmont does not believe that the forfeiture of approximately \$1.5
26 million in uncollected franchise fee payments is an appropriate resolution of

1 what, at most, can be characterized as an imperfect true-up methodology
2 utilized by Piedmont with respect to its Metro Government franchise fee
3 account. Instead, we believe that the Authority should permit Piedmont to
4 recover the full amount of its uncollected franchise fee payments as
5 proposed by Piedmont in its initial filing in this docket.

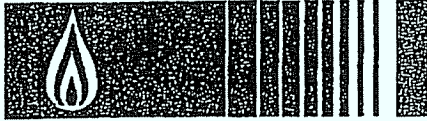
6 **Q. Do you anticipate any additional filings by Piedmont in this docket?**

7 A. Yes. Because several of our arguments are primarily legal in nature, and I
8 am not a lawyer, I understand that we will file a brief prior to the hearing of
9 this matter setting forth our legal arguments in more appropriate form.

10 **Q. Does this conclude your testimony?**

11 A. Yes it does.

EXHIBIT__(DRC-1)



Piedmont
Natural Gas
Company

Post Office Box 33068
Charlotte, North Carolina 28233

RECEIVED
TN REG. AUTHORITY

DEC 20 P.M.

ENERGY & WATER DIVISION

December 19, 2005

The Honorable Ron Jones, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Docket 05-0951, Change in Effective Date (PGA Filing)

Dear Chairman Jones,

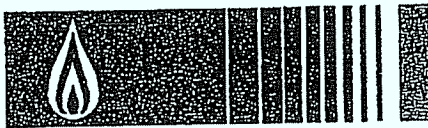
Regarding Docket 05-0951, Nashville Gas Company requests that the effective date for the increase in the Metro Franchise Fee for its Davidson County customers for the next year be changed from January 1, 2006 to February 1, 2006. As the attached schedule shows, the new rate is calculated to be 6.11%.

Sincerely,

S. Diane Coley
Sr. Analyst, Planning and Rates

Enclosure

C: Pat Murphy, Senior Financial Analyst, Energy and Water Division



Piedmont
Natural Gas
Company

Post Office Box 33068
Charlotte, North Carolina 28233

RECEIVED

2005 DEC -7 AM 11:01

T.R.A. DOCKET ROOM

December 6, 2005

The Honorable Ron Jones, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

2005951

RE: Nashville Gas Company, Docket U-7074

Dear Chairman Jones,

In accordance with the Order in Docket U-7074, Nashville Gas Company submits the attached revision of the rate applied to its Davidson County customers for the collection of the Metro Franchise Fee for the next year. As the attached schedules show, the new rate is calculated to be 6.11%.

Please accept our apology for the lateness of this filing. We needed information to complete our documentation from an individual who was out due to illness.

It is requested that any necessary waivers be granted to permit this filing to become effective January 1, 2006.

Sincerely,

S. Diane Coley
Sr. Analyst, Planning and Rates

Enclosure

C: Pat Murphy, Senior Financial Analyst, Energy and Water Division

NASHVILLE GAS COMPANY
Metro Franchise Fee
Rate Calculation

Projected Nashville Gas Revenues Subject to Metro Franchise Fee	\$240,764,613	A/
Rate	5.00%	
Metro Franchise Fee	12,038,231	
Plus Undercollection from Previous Months	213,437	A/
Plus Fee per Section 2 of Ordinance	64,377	
Total Estimated Franchise Fee to be Collected	12,316,045	
Divided by Estimated Davidson County Revenues	201,457,473	B/
Franchise Fee Rate to be Charged Davidson County Customers	6.11%	

A/ See Attached Worksheets

B/ Nashville Gas Regular Sales \$240,764,613
% Inside Davidson County (See Attached Worksheet) 83.67%

\$201,457,473

NASHVILLE GAS COMPANY
Sales Volumes
Therms

	Outside Davidson County A/	Inside Davidson County	Total
Gas Sales & Transp.	43,348,376	222,169,673	265,518,049
Percentage	16.33%	83.67%	100.00%

A/ Total Outside		61,906,166
Less:		
Ashland City	4,446,765	
Greenbrier	1,231,073	
Fairview	711,572	
White House	1,995,921	
Mt. Juliet	6,165,064	
Hartsville	609,104	
Franklin	3,398,291	
		<u>18,557,790</u>
		43,348,376

NASHVILLE GAS COMPANY
Volumes - Therms

Service Area Code	Inside Davidson	Outside Davidson	Total
600 Antioch	9,471,051	1,029	9,472,080
601 Ashland City		4,446,765	4,446,765
602 Burns		38,078	38,078
603 Bellvue			0
604/627 Brentwood	2,923,703	12,870,065	15,793,768
605 Cottontown		11,681	11,681
606 Fairview		711,572	711,572
607 Franklin		3,398,291	3,398,291
608 Greenbrier		1,231,073	1,231,073
609/628 Goodlettsville	2,873,316	1,301,397	4,174,713
610 Hendersonville		10,298,923	10,298,923
611 Hermitage	6,432,648		6,432,648
612 Joelton	401,268		401,268
613 Kingston Springs			0
614 Lavergne		12,320,695	12,320,695
615/631 Madison	8,578,550		8,578,550
616 Millersville	95,945	6,675	102,620
617 Mt. Juliet		6,165,064	6,165,064
618 Nashville	180,494,648	1,549,327	182,043,975
619 Old Hickory	10,377,766	4,796,978	15,174,744
620 Ridgetop			0
622 Smyrna		133,977	133,977
623 Springfield		19,551	19,551
624 White House-R		1,602,792	1,602,792
625 White House-S		393,129	393,129
626 Hartsville		609,104	609,104
629 Whites Creek	<u>520,778</u>		<u>520,778</u>
Total	222,169,673	61,906,166	284,075,839

NASHVILLE GAS COMPANY
Metro Franchise Fee
Collection Analysis

<u>Period</u>	<u>Total Revenue</u>	<u>Uncollected</u>	<u>Amount Revenue</u>	<u>5% Franchise Fee</u>	<u>Amount Collected</u>	<u>Over (Under) Collected</u>
6/04-11/04	\$57,365,393	(\$598,472)	\$56,766,921	\$2,848,543	\$2,250,377	(\$598,166)
12/04-5/05	<u>150,142,076</u>	<u>(1,504,526)</u>	<u>148,637,550</u>	<u>7,431,878</u>	<u>7,816,606</u>	<u>384,729</u>
Totals	\$207,507,469	(\$2,102,998)	\$205,404,471	\$10,280,420	\$10,066,983	(\$213,437)

Note: 06/04 - 09/04 payment

Piedmont Natural Gas Company
Monthly Budget Analysis Summary
Forecast 2005 - TN

	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Total
Revenue													
Residential-Volumetric	14,258,964	22,535,941	26,150,618	20,193,262	14,504,336	7,194,826	3,114,767	1,842,106	1,795,796	1,792,922	2,533,598	7,201,874	123,119,008
Residential-F/C	1,799,992	1,830,185	1,848,583	1,854,093	1,858,639	1,423,838	1,411,427	1,399,296	1,396,404	1,391,608	1,393,116	1,397,569	19,002,732
Residential	16,058,956	24,366,126	27,999,192	22,047,355	16,363,075	8,618,664	4,526,194	3,241,402	3,192,200	3,184,530	3,926,715	8,599,443	142,121,740
S/M General Service-Volumetric	8,643,255	12,768,955	14,644,625	11,638,131	8,752,766	5,044,933	2,976,806	2,387,220	2,337,093	2,323,879	2,676,485	5,035,185	71,497,563
S/M General Service-F/C	474,803	485,333	493,320	494,456	493,581	489,422	484,894	478,629	476,145	473,063	471,064	470,808	5,786,515
S/M General Service	9,118,058	13,254,287	15,137,944	12,132,587	9,246,347	5,534,255	3,461,701	2,865,849	2,813,238	2,796,931	3,147,548	5,505,992	84,995,748
Large General Service	828,188	1,215,005	1,159,075	1,030,333	988,655	848,507	582,183	514,511	504,455	527,438	525,628	589,590	9,113,567
Industrial	332,426	371,325	357,919	342,818	361,251	313,161	358,690	274,126	254,111	273,325	281,451	321,548	3,851,850
Special Contract	52,882	52,188	46,519	57,380	52,408	61,107	39,007	65,370	64,892	65,266	55,499	56,199	681,708
Power Generation													0
Muni & Military													0
Total Revenue	26,400,510	39,258,931	44,703,339	35,510,482	27,009,636	15,175,694	8,977,776	6,942,258	6,828,886	6,847,489	7,936,841	15,072,772	240,764,613

REDMONT NATURAL GAS COMPANY
Nashville Gas Division
Billing Rates Effective:

December 1, 2005

Rate Schedule	Rate Class	Description	Tariff Rate Approved In Docket No. 03-0313	Cumulative PGA Demand	Commodity	Current Refund	Current AGR	Current IPA	Total Adj. Factor (Sum Col.2 thru Col.6)	Proposed Billing Rate (Col.1+Col.7)
Residential										
301	Value	Customer Charge-Nov.-Mar.	\$13.00							\$13.00
301	Value	Nov.-Mar. per TH	\$10.00	0.01750	1.36708	0.00000	-0.00381	0.01135	1.30212	1.71212
321	Standard	Apr.-Oct. per TH	0.27000	0.01750	1.36708	0.00000	-0.00381	0.01135	1.30212	1.68212
321	Standard	Nov.-Mar. per TH	0.32000	0.04733	1.36708	0.00000	-0.00381	0.01135	1.42195	1.74195
321	Standard	Apr.-Oct. per TH	0.27000	0.04733	1.36708	0.00000	-0.00381	0.01135	1.42195	1.69195
Small General										
302	Standard	Customer Charge	\$29.00							\$29.00
302	Standard	Nov.-Mar. per TH	0.35400	0.04811	1.36708	0.00000	-0.00381	0.01135	1.42273	1.77673
332	Value	Apr.-Oct. per TH	0.30300	0.04811	1.36708	0.00000	-0.00381	0.01135	1.42273	1.72673
332	Value	First 2,000 TH/TH (Nov.-Mar.)	0.35400	0.01003	1.36708	0.00000	-0.00381	0.01135	1.30145	1.74145
332	Value	Over 2,000 TH/TH (Nov.-Mar.)	0.35400	0.00903	1.36708	0.00000	-0.00381	0.01135	1.38305	1.73785
332	Value	First 2,000 TH/TH (Apr.-Oct.)	0.30300	0.01003	1.36708	0.00000	-0.00381	0.01135	1.39145	1.69145
332	Value	Over 2,000 TH/TH (Apr.-Oct.)	0.30300	0.00903	1.36708	0.00000	-0.00381	0.01135	1.38305	1.68685
Medium General										
352	Standard	Customer Charge	\$75.00							\$75.00
352	Standard	Nov.-Mar. per TH	0.35400	0.01750	1.36708	0.00000	-0.00381	0.01135	1.39212	1.74812
352	Standard	Apr.-Oct. per TH	0.30300	0.01750	1.36708	0.00000	-0.00381	0.01135	1.39212	1.69512
352	Value	First 5,000 TH/TH (Nov.-Mar.)	0.35400	0.01845	1.36708	0.00000	-0.00381	0.01135	1.38108	1.74508
352	Value	Over 5,000 TH/TH (Nov.-Mar.)	0.30300	0.00950	1.36708	0.00000	-0.00381	0.01135	1.38352	1.73752
352	Value	First 5,000 TH/TH (Apr.-Oct.)	0.30300	0.01845	1.36708	0.00000	-0.00381	0.01135	1.38108	1.69408
352	Value	Over 5,000 TH/TH (Apr.-Oct.)	0.30300	0.00950	1.36708	0.00000	-0.00381	0.01135	1.38352	1.68652
303 Firm Industrial										
303	Firm	Customer Charge	\$300.00							\$300.00
303	Firm	Peak Demand (Per DT)	0.00900	4.92520	1.36708	0.00000	0.11319	0.01135	5.03839	13.03839
303	Firm	First 15,000 TH/TH	0.09742	0.00374	1.36708	0.00000	-0.00445	0.01135	1.37772	1.47514
303	Firm	Next 25,000 TH/TH	0.08953	0.00222	1.36708	0.00000	-0.00445	0.01135	1.37620	1.46573
303	Firm	Next 50,000 TH/TH	0.06450	0.00172	1.36708	0.00000	-0.00445	0.01135	1.37570	1.46020
303	Firm	Over 60,000 TH/TH	0.02764	0.00000	1.36708	0.00000	0.00000	0.01135	1.37843	1.46507
304 Interruptible Industrial										
304	Interruptible	Customer Charge	\$300.00							\$300.00
304	Interruptible	First 15,000 TH/TH	0.09742	0.03333	1.36708	0.00000	-0.00445	0.01135	1.40731	1.50473
304	Interruptible	Next 25,000 TH/TH	0.08953	0.01672	1.36708	0.00000	-0.00445	0.01135	1.39670	1.48823
304	Interruptible	Next 50,000 TH/TH	0.06450	0.01374	1.36708	0.00000	-0.00445	0.01135	1.38772	1.48222
304	Interruptible	Over 60,000 TH/TH	0.02764	0.01019	1.36708	0.00000	0.00000	0.01135	1.38862	1.48628
313 Firm Transportation										
313	Firm	Customer Charge	\$300.00							\$300.00
313	Firm	Peak Demand (Per DT)	0.00900	4.92520	1.36708	0.00000	0.11319	0.00000	5.03839	13.03839
313	Firm	First 15,000 TH/TH	0.09742	0.00282	1.36708	0.00000	0.00005	0.00000	0.00287	0.10008
313	Firm	Next 25,000 TH/TH	0.08953	0.00171	1.36708	0.00000	0.00005	0.00000	0.00176	0.09123
313	Firm	Next 50,000 TH/TH	0.06450	0.00100	1.36708	0.00000	0.00005	0.00000	0.00105	0.08555
313	Firm	Over 60,000 TH/TH	0.02764	0.00000	1.36708	0.00000	0.00000	0.00000	0.00000	0.02764
314 Interruptible Transportation										
314	Interruptible	Customer Charge	\$300.00							\$300.00
314	Interruptible	First 15,000 TH/TH	0.09742	0.00282	1.36708	0.00000	0.00005	0.00000	0.00287	0.10028
314	Interruptible	Next 25,000 TH/TH	0.08953	0.00186	1.36708	0.00000	0.00005	0.00000	0.00183	0.09148
314	Interruptible	Next 50,000 TH/TH	0.06450	0.00108	1.36708	0.00000	0.00005	0.00000	0.00111	0.08581
314	Interruptible	Over 60,000 TH/TH	0.02764	0.00000	1.36708	0.00000	0.00000	0.00000	0.00000	0.02764
310 Resale Service										
310	Resale Service	Demand per DT	8.00000	4.92519	1.36708	0.00000	0.11287	0.01135	5.03808	13.03808
310	Resale Service	Commodity Charge	0.00000	0.00003	1.36708	0.00000	-0.00460	0.01135	1.37488	1.46488

NOTE: In accordance with the Tennessee Public Service Commission order in Docket U-7074 customers metered inside Davidson County are required to pay an additional 6.11% for collection of the Metro Franchise Fee. Customers served by the Fairview, Granville, Hicksville, ML, Jullia and White House systems are required to pay 5.0%. Customers served by the Franklin system are required to pay 3%. Commercial customers on the Ashland City system are required to pay 5%.

EXHIBIT__(DRC-2)



Piedmont
Natural Gas

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T.R.A. DOCKET ROOM

February 26, 2010

20100043

Darlene Standley
Chief of Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: Piedmont Natural Gas Company, Inc.
Petition for Tariff Change on the Applicable Metro Franchise Fee Rate

Dear Ms. Standley,

Enclosed for filing are an original and three copies of a proposed tariff change to adjust the applicable rate for the collection of the Metro Franchise Fee. As the attached schedules show, the new rate applicable to customers metered inside of Davidson County is 6.08%, which compares to a current rate of 6.11%. This rate adjustment is reflected on proposed Twenty-Sixth Revised Sheet No. 1, as enclosed herein.

As you know, the applicable rate for collection of the Metro Franchise Fee is based on usage projections, whereas the actual Metro Franchise Fee payments due are based on actual usage. As such, there is always some variance between the actual amounts collected under this mechanism and the actual Metro Franchise Fee payments. The difference between the actual collections and the actual payments varies from year to year and has been both positive and negative over the course of the operation of this mechanism. As of May 2009, the franchise collection account shows a cumulative under recovery of \$2.9 million. The proposed revised rate for collection of the Metro Franchise Fee rate as identified in this filing is designed to recover 10% of the May 2009 cumulative undercollected balance on an annual basis over the next 10 years.

It is requested that any necessary waivers be granted to permit this filing to become effective April 1, 2010. Please direct any questions or concerns on this matter to my attention. I can be reached at (704) 731-4259.

Sincerely,

Pia Powers
Manager - Regulatory Affairs

Enclosures

cc: Pat Murphy
Michelle Ramsey

Post Office Box 33068 Charlotte, North Carolina 28233

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TN REGULATORY AUTHORITY
UTILITIES DIVISION

PIEDMONT NATURAL GAS COMPANY, INC.
Tennessee Service Territory
Billing Rates Effective April 1, 2010

Rate Schedule	Rate Class	Description	Tariff Rate Approved in Docket No. 03-00313	Cumulative Demand	Commodity	Current Refund	Demand	Commodity	Current IPA	Total Adj Factor (Run Col.2 thru Col.9)	Proposed Billing Rate (Col.1+Col.7)
Residential		Customer Charge-New-Misc.	\$15.00								\$15.00
	301	Value New-Misc. per TH	\$10.00	0.01750	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	301	Value Apr.-Oct. per TH	0.27000	0.01750	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	321	Standard Apr.-Oct. per TH	0.27000	0.01750	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50005	0.50005
Small General		Customer Charge	\$23.00								\$23.00
	302	Standard New-Misc. per TH	0.30400	0.04811	0.52594	0.00000	0.00000	-0.05248	0.00534	0.66083	0.66083
	302	Standard Apr.-Oct. per TH	0.30200	0.04811	0.52594	0.00000	0.00000	-0.05248	0.00534	0.66083	0.66083
	332	Value First 2,000 TH/TH (New-Misc.)	0.35400	0.06903	0.52594	0.00000	0.00000	-0.05248	0.00534	0.66083	0.66083
Medium General		Customer Charge	\$76.00								\$76.00
	352	Standard New-Misc. per TH	0.30400	0.01750	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	352	Standard Apr.-Oct. per TH	0.30200	0.01750	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	352	Value First 5,000 TH/TH (New-Misc.)	0.35400	0.06903	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
303 Firm Industrial		Customer Charge	\$300.00								\$300.00
	303	Firm First 15,000 TH/TH	0.09742	0.00333	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	303	Firm Next 15,000 TH/TH	0.09742	0.00333	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	303	Firm Next 50,000 TH/TH	0.09742	0.00333	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
304 Interruptible Industrial		Customer Charge	\$300.00								\$300.00
	304	Interruptible First 15,000 TH/TH	0.09742	0.00333	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	304	Interruptible Next 15,000 TH/TH	0.09742	0.00333	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	304	Interruptible Next 50,000 TH/TH	0.09742	0.00333	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
313 Firm Transportation		Customer Charge	\$300.00								\$300.00
	313	Firm First 15,000 TH/TH	0.09742	0.00333	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	313	Firm Next 15,000 TH/TH	0.09742	0.00333	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	313	Firm Next 50,000 TH/TH	0.09742	0.00333	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
314 Interruptible Transportation		Customer Charge	\$300.00								\$300.00
	314	Interruptible First 15,000 TH/TH	0.09742	0.00333	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	314	Interruptible Next 15,000 TH/TH	0.09742	0.00333	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	314	Interruptible Next 50,000 TH/TH	0.09742	0.00333	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
310 Resale Service		Demand per DT	0.00000	0.00000	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022
	310	Commodity Charge	0.00000	0.00000	0.52594	0.00000	0.00000	-0.05248	0.00534	0.50022	0.50022

NOTE: In accordance with the Tennessee Public Service Commission order in Docket U-0774, customers metered inside Davidson County are required to pay an additional 5.0% for collection of the Meter Franchise Fee. Customers metered by the Franklin, Nashville, Murfreesboro, and White House systems are required to pay 5.0%. Customers served by the Franklin system are required to pay 5%. Commercial customers on the Atlanta City system are required to pay 5%.

PIEDMONT NATURAL GAS COMPANY, INC.
Metro Franchise Fee
Nashville and Davidson County, TN
Rate Calculation

<u>Line</u>		<u>Line</u> <u>Computation</u>
1	Projected Annual Piedmont Natural Gas Revenues Subject to Metro Franchise Fee	\$191,270,290 A/
2	Rate	<u>5.00%</u>
3	Estimated Metro Franchise Fee	9,563,514 3 = 1 * 2
4	Cumulative actual under (over) collected balance thru May 2009	2,911,943 B/
5	10 Year amortization of May 2009 balance	291,194
6	Plus Fee per Section 2 of Ordinance	<u>74,305</u>
7	Total Estimated Franchise Fee to be Collected	9,929,014 7 = 3 + 5 + 6
8	Estimated Davidson County Sales Revenues	<u>163,230,065</u> 8 = 12
9	Franchise Fee Rate to be Charged Davidson County Customers	<u>6.08%</u> 9 = 7 / 8
10	Projected Annual Piedmont Natural Gas Revenues	\$191,270,290
11	% Inside Davidson County (See Attached Worksheet)	<u>85.34% C/</u>
12		<u>\$163,230,065</u> 12 = 10 * 11

A/ ,B/, C/ See Attached Worksheets

PIEDMONT NATURAL GAS COMPANY, INC.
Monthly Revenues
Fiscal 2010

	Actual Nov-09	Actual Dec-09	Actual Jan-10	Budget Feb-10	Budget Mar-10	Budget Apr-10	Budget May-10	Budget Jun-10	Budget Jul-10	Budget Aug-10	Budget Sept-10	Budget Oct-10	Total
TN													
Residential	10,825,557	19,898,600	25,735,028	19,931,020	8,728,009	5,259,148	3,125,937	2,895,838	3,007,049	2,075,249	3,175,787	4,858,884	109,612,355
S/M General Service	4,678,289	10,860,771	13,708,843	10,528,392	8,118,325	5,091,987	3,316,462	2,820,388	2,792,428	2,785,587	2,887,153	4,801,007	72,615,731
LGS - Industrial	88,060	132,843	178,873	1,324,388	1,191,882	830,055	803,500	755,072	778,813	756,377	768,389	878,988	8,849,338
Power Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
Muni & Military	32,798	53,916	69,253	59,194	43,282	21,981	19,823	18,103	17,748	17,811	17,737	22,341	392,868
Total Revenue	15,823,802	30,974,030	39,691,988	31,910,992	18,989,479	11,303,059	7,263,663	6,579,401	8,694,140	5,634,224	8,947,076	10,569,220	191,370,290 M

PIEDMONT NATURAL GAS COMPANY, INC.
Macro Franchise Fee
Nashville and Davidson County, TN
Collection Analysis

Period	Total Revenue	Uncollected	Revenue Amount for Franchise Fee Contribution	5% Franchise Fee	Franchise Renewal Fee	Amount Collected	Current Period Over (Under) Collected	Cumulative Over (Under) Collected
Feb 0/96	34,885,095	(194,709)	34,670,389	1,733,519	-	1,772,518	39,089	(861,920)
6/96 - 1/96	104,052,119	(198,012)	103,854,108	5,192,705	-	5,022,987	(169,718)	(322,721)
12/96 - 5/97	98,462,982	(325,858)	98,137,124	4,906,856	-	4,906,856	(44,446)	(467,167)
12/97 - 5/98	98,462,982	(157,591)	98,305,391	4,915,269	-	4,915,269	(122,589)	(589,756)
6/98 - 1/99	98,462,982	51,459	98,514,441	4,925,722	-	4,925,722	(61,258)	(651,014)
12/98 - 5/99	98,462,982	(467,258)	97,995,724	4,899,786	-	4,899,786	(227,302)	(878,316)
6/99 - 1/00	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(902,370)
12/99 - 5/00	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(926,424)
6/00 - 1/01	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(950,478)
12/00 - 5/01	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(974,532)
6/01 - 1/02	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,000,586)
12/01 - 5/02	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,026,640)
6/02 - 1/03	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,052,694)
12/02 - 5/03	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,078,748)
6/03 - 1/04	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,104,802)
12/03 - 5/04	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,130,856)
6/04 - 1/05	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,156,910)
12/04 - 5/05	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,182,964)
6/05 - 1/06	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,209,018)
12/05 - 5/06	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,235,072)
6/06 - 1/07	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,261,126)
12/06 - 5/07	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,287,180)
6/07 - 1/08	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,313,234)
12/07 - 5/08	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,339,288)
6/08 - 1/09	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,365,342)
12/08 - 5/09	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,391,396)
6/09 - 1/10	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,417,450)
12/09 - 5/10	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,443,504)
6/10 - 1/11	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,469,558)
12/10 - 5/11	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,495,612)
6/11 - 1/12	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,521,666)
12/11 - 5/12	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,547,720)
6/12 - 1/13	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,573,774)
12/12 - 5/13	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,600,828)
6/13 - 1/14	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,626,882)
12/13 - 5/14	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,652,936)
6/14 - 1/15	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,678,990)
12/14 - 5/15	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,705,044)
6/15 - 1/16	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,731,098)
12/15 - 5/16	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,757,152)
6/16 - 1/17	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,783,206)
12/16 - 5/17	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,809,260)
6/17 - 1/18	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,835,314)
12/17 - 5/18	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,861,368)
6/18 - 1/19	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,887,422)
12/18 - 5/19	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,913,476)
6/19 - 1/20	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,939,530)
12/19 - 5/20	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,965,584)
6/20 - 1/21	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(1,991,638)
12/20 - 5/21	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,017,692)
6/21 - 1/22	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,043,746)
12/21 - 5/22	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,069,800)
6/22 - 1/23	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,095,854)
12/22 - 5/23	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,121,908)
6/23 - 1/24	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,147,962)
12/23 - 5/24	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,174,016)
6/24 - 1/25	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,200,070)
12/24 - 5/25	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,226,124)
6/25 - 1/26	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,252,178)
12/25 - 5/26	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,278,232)
6/26 - 1/27	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,304,286)
12/26 - 5/27	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,330,340)
6/27 - 1/28	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,356,394)
12/27 - 5/28	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,382,448)
6/28 - 1/29	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,408,502)
12/28 - 5/29	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,434,556)
6/29 - 1/30	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,460,610)
12/29 - 5/30	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,486,664)
6/30 - 1/31	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,512,718)
12/30 - 5/31	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,538,772)
6/31 - 1/01	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,564,826)
12/31 - 5/02	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,590,880)
6/02 - 1/03	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,616,934)
12/03 - 5/04	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,642,988)
6/04 - 1/05	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,669,042)
12/05 - 5/06	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,695,096)
6/06 - 1/07	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,721,150)
12/07 - 5/08	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,747,204)
6/08 - 1/09	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,773,258)
12/09 - 5/10	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,799,312)
6/10 - 1/11	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,825,366)
12/11 - 5/12	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,851,420)
6/12 - 1/13	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,877,474)
12/13 - 5/14	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,903,528)
6/14 - 1/15	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,929,582)
12/15 - 5/16	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,955,636)
6/16 - 1/17	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(2,981,690)
12/17 - 5/18	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,007,744)
6/18 - 1/19	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,033,798)
12/19 - 5/20	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,059,852)
6/20 - 1/21	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,085,906)
12/21 - 5/22	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,111,960)
6/22 - 1/23	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,138,014)
12/23 - 5/24	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,164,068)
6/24 - 1/25	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,190,122)
12/25 - 5/26	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,216,176)
6/26 - 1/27	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,242,230)
12/27 - 5/28	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,268,284)
6/28 - 1/29	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,294,338)
12/29 - 5/30	98,462,982	(288,124)	98,174,858	4,908,743	-	4,908,743	(24,054)	(3,320,392)

PIEDMONT NATURAL GAS COMPANY, INC.
 TN Sales Volumes
 Therms
 June 2008-May 2009

	Outside Davidson County A/	Inside Davidson County	Total
Gas Sales & Transp.	38,196,163	222,421,629	260,617,792
Percentage	14.66%	85.34%	100.00%
	C/		

Total Outside	61,229,143
Less:	
Ashland City	5,056,011
Greenbrier	1,367,635
Fairview	850,932
White House	2,403,654
Mt. Juliet	8,635,408
Hartsville	575,014
Franklin	4,144,326
	<u>23,032,980</u>
	38,196,163

PIEDMONT NATURAL GAS COMPANY, INC.
TN Volumes - Therms
June 2008-May 2009

Service Area Code	Inside Davidson	Outside Davidson	Total
600 Antioch	10,016,521		10,016,521
601 Ashland City		5,055,011	5,055,011
602 Burns		38,424	38,424
603 Bellvue	4,626		4,626
604/627 Brentwood	3,197,691	14,816,922	18,014,613
605 Collington		12,136	12,136
606 Fairview		850,932	850,932
607 Franklin		4,144,326	4,144,326
608 Greenbrier		1,367,635	1,367,635
609/628 Goodlettsville	2,723,084	1,415,242	4,138,326
610 Hendersonville		12,440,272	12,440,272
611 Hermitage	6,890,589		6,890,589
612 Joelton	387,145		387,145
613 Kingston Springs			0
614 Lavergne		9,075,745	9,075,745
615/631 Madison	7,275,270	146	7,275,416
616 Millersville		107,338	107,338
617 Mt. Juliet		8,635,408	8,635,408
618 Nashville	179,450,023		179,450,023
619 Old Hickory	11,835,905		11,835,905
620 Ridgely			0
622 Smyrna		241,590	241,590
623 Springfield		20,535	20,535
624 White House-R		1,816,340	1,816,340
625 White House-S		587,314	587,314
626 Hartselle		575,014	575,014
629 Whites Creek	542,179		542,179
632 Nolensville	98,596		98,596
633 Nolensville		27,813	27,813
Total	222,421,629	61,229,143	283,650,772