Piedmont Natural Gas

August 31, 2010

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

DOCKET NO.
10-00183

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

Dear Chairman Freeman:

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, 2009, through June 30, 2010.

As the enclosed Gain/Loss Summary page indicates, the annual accumulated total gains and savings under the plan total $5,253,206. Under the Plan's sharing formula, $3,939,904 of these gains and savings is allocated to the Company's Tennessee ratepayers. The remaining $1,313,301 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

Piedmont Natural Gas Company, Inc.

GAIN/LOSS SUMMARY

Report on Performance Incentive Plan
July 2009 - June 2010

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	2009	$ 106,646	$ 26,661	$ 79,984	$ 254,865	$ 63,716	$ 191,149	$ 361,511	$ 90,378	$ 271,133
August	2009	$ 2,743	$ 686	$ 2,057	$ 155,665	$ 38,916	$ 116,749	$ 158,408	$ 39,602	$ 118,806
September	2009	$ 25,848	$ 6,462	$ 19,386	$ 178,064	$ 44,516	$ 133,548	$ 203,912	$ 50,978	$ 152,934
October	2009	$ 97,907	$ 24,477	$ 73,430	$ 155,665	$ 38,916	$ 116,749	$ 253,572	$ 63,393	$ 190,179
November	2009	$ 392,321	$ 98,080	$ 294,241	$ 1,883,958	$ 470,989	$ 1,412,968	$ 2,276,279	$ 569,070	$ 1,707,209
December	2009	$ 164,003	$ 41,001	$ 123,002	$ 32,752	$ 8,188	$ 24,564	$ 196,755	$ 49,189	$ 147,566
January	2010	$ 392,390	$ 98,097	$ 294,292	$ 32,752	$ 8,188	$ 24,564	$ 425,141	$ 106,285	$ 318,856
February	2010	$ 620,406	$ 155,102	$ 465,305	$ 32,752	$ 8,188	$ 24,564	$ 653,158	$ 163,290	$ 489,869
March	2010	$ 200,979	$ 50,245	$ 150,735	$ 32,752	$ 8,188	$ 24,564	$ 233,731	$ 58,433	$ 175,298
April	2010	$ 93,070	$ 23,267	$ 69,802	$ 146,181	$ 36,545	$ 109,636	$ 239,251	$ 59,813	$ 179,438
May	2010	$ 14,631	$ 3,658	$ 10,973	$ 111,151	$ 27,788	$ 83,363	$ 125,782	$ 31,446	$ 94,337
June	2010	$ 3,214	$ 804	$ 2,411	$ 122,491	$ 30,623	$ 91,868	$ 125,705	$ 31,426	$ 94,279
		$ 2,114,158	$ 528,539	$ 1,585,618	$ 3,139,048	$ 784,762	$ 2,354,286	$ 5,253,206	$ 1,313,301	$ 3,939,904

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.