

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**October 19, 2011**

**IN RE:**

**APPLICATION OF PIEDMONT NATURAL GAS  
COMPANY, INC. FOR APPROVAL OF AMENDMENT  
TO GAS SERVICE CONTRACT WITH THE TOWN OF  
SMYRNA, TENNESSEE**

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**DOCKET NO.  
11-00032**

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**ORDER GRANTING APPROVAL OF FIRST AMENDMENT TO GAS SERVICE  
CONTRACT**

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This matter came before Director Eddie Roberson, Director Kenneth C. Hill and Director Sara Kyle of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this Docket, on May 24, 2011 to consider the *Petition* of Piedmont Natural Gas Company, Inc. (“Piedmont” or “Company”) seeking approval of an amendment to a longstanding Gas Service Contract (“Contract”) with the Town of Smyrna, Tennessee (“Smyrna”).

**BACKGROUND**

On February 25, 2011, Piedmont filed its *Petition* seeking Authority approval of the first amendment (“Amendment”) to its Gas Service Contract with Smyrna. Smyrna is an existing Piedmont customer that purchases gas under Piedmont’s Rate Schedule No. 310 (Resale Service), for the purpose of reselling that same gas to end users within the service area of Smyrna Natural Gas System in Rutherford County, Tennessee.<sup>1</sup> To be eligible for this rate

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<sup>1</sup> *Petition*, p. 2 (February 25, 2011).

schedule, the customer must enter into a service contract with Piedmont to determine the contracted demand determinants upon which the monthly minimum bill is based. The executed Contract between Piedmont and Smyrna has been in effect since January 1, 1988, when it was approved by the Public Service Commission in Docket No. U-88-7583. The initial term of the current Contract was one year. Following the initial term, the Contract would continue on a year to year basis, until terminated by either party to the agreement.<sup>2</sup>

### **TERMS OF THE CONTRACT AMENDMENT**

Smyrna has recently made arrangements to obtain an alternative source of supply for the natural gas needed to serve its customers. As a result of this arrangement, Smyrna has requested a reduction in demand under the Contract in order to maintain a minimal emergency supply of gas.<sup>3</sup> The Amendment to the Contract reduces the demand determinates to 30 Mcf per hour, 50 Mcf per day and 8000 Mcf annually.<sup>4</sup> In addition, the Amendment includes certain administrative and housekeeping updates. The proposed effective date of the Amendment is the first day of the month following approval of the Amendment by the Authority.<sup>5</sup>

### **FINDINGS AND CONCLUSIONS**

A *Notice of Convening Panel* was issued on May 19, 2011, and on May 24, 2011, the voting panel assigned to this docket convened to consider the *Petition*. Based on the record in this matter, the panel found that the *Petition* is in the public interest and the proposed Amendment will not alter rates because Smyrna's rates are set by tariff. In addition, Piedmont customers are not affected by the Contract at this time. Thereafter, the panel voted unanimously to approve the *Petition*.

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<sup>2</sup> *Petition*, Exhibit A (February 25, 2011).

<sup>3</sup> *Petition*, p. 2 (February 25, 2011).

<sup>4</sup> *Petition*, Exhibit B (February 25, 2011).

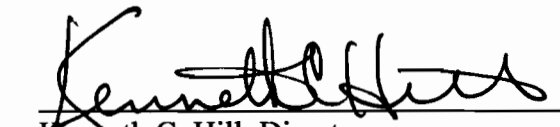
<sup>5</sup> *Id.*

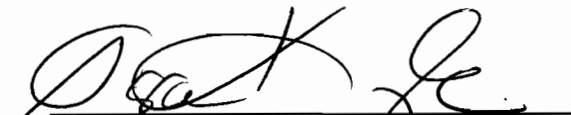
**IT IS THEREFORE ORDERED THAT:**

The First Amendment to the Gas Service Contract between Piedmont Natural Gas Company, Inc. and the Town of Smyrna as described in the *Petition* and discussed herein is approved with an effective date of June 1, 2011.

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Eddie Roberson, Director<sup>6</sup>

  
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Kenneth C. Hill, Director

  
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Sara Kyle, Director

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<sup>6</sup> Director Roberson voted in agreement with the other directors but resigned his position with the TRA before the issuance of this order.