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January 4, 2012

VIA HAND DELIVERY

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

Re: ***Petition of Piedmont Natural Gas Company, Inc. Inc., for an Adjustment to Its Rates, Approval of Changes to Its Rate Design, Amortization of Certain Deferred Assets, Approval of New Depreciation Rates, Approval of Revised Tariffs and Service Regulations, and Approval of a New Energy Efficiency Program and GTI Funding, Docket No. 11-00144***

Dear Chairman Hill:

Enclosed please find an original and five (5) copies of the Joint Motion of Piedmont Natural Gas Company, Inc. and the Consumer Advocate and Protection Division for Modification of Rate Case Evidentiary Hearing Procedures and Purpose.

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

Chairman Kenneth C. Hill

January 4, 2012

Page 2

cc: Mr. David Foster, Chief of Utilities Division (w/o enclosure)
Mr. Jerry Kettles, Chief of Economic Analysis & Policy Division (w/o enclosure)
Ryan McGehee, Esq. (via email w/ enclosure)
C. Scott Jackson, Esq. (via email w/ enclosure)

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

IN RE:)	
)	
PETITION OF PIEDMONT NATURAL GAS)	
COMPANY, INC. FOR AN ADJUSTMENT)	
TO ITS RATES, APPROVAL OF CHANGES)	
TO ITS RATE DESIGN, AMORTIZATION)	
OF CERTAIN DEFERRED ASSETS,)	DOCKET NO. 11-00144
APPROVAL OF NEW DEPRECIATION)	
RATES, APPROVAL OF REVISED)	
TARIFFS AND SERVICE REGULATIONS,)	
AND APPROVAL OF A NEW ENERGY)	
EFFICIENCY PROGRAM AND GTI)	
FUNDING)	

**JOINT MOTION OF PIEDMONT NATURAL GAS COMPANY, INC. AND THE
CONSUMER ADVOCATE AND PROTECTION DIVISION FOR MODIFICATION OF
RATE CASE EVIDENTIARY HEARING PROCEDURES AND PURPOSE**

Piedmont Natural Gas Company, Inc. ("Piedmont" or "Company") and Robert E. Cooper, Jr., the Tennessee Attorney General and Reporter, through the Consumer Advocate and Protection Division ("Consumer Advocate") (collectively the "Parties"), constituting all of the parties to the above-captioned general rate proceeding, hereby jointly move the Tennessee Regulatory Authority ("TRA" or "Authority") for an order modifying the procedures and purpose of the January 23, 2012 hearing in this docket as described herein. The purpose of the Parties' request herein is to facilitate the orderly and reasoned consideration by the TRA of the Stipulation and Settlement Agreement filed by Piedmont and the Consumer Advocate on December 22, 2011, resolving all matters at issue between the Parties of record to this proceeding. In support of this motion, the Parties respectfully show unto the Authority as follows:

1. On September 2, 2011, Piedmont filed a petition for adjustment of its rates and charges, approval of changes to its rate design, amortization of certain deferred assets, approval of new depreciation rates, approval of revised tariffs and service regulations, and approval of a new energy efficiency program and Gas Technology Institute ("GTI") funding. In its petition, Piedmont sought an increase in its annual revenues of \$16,712,711 or 8.9%.

2. On September 21, 2011, the Consumer Advocate filed a Petition to Intervene in this proceeding which was allowed by Authority order dated September 29, 2011, without objection. No other entity has sought or been granted party status in this proceeding.

3. On December 6, 2011, after the completion of extensive discovery on Piedmont's filed case, the Consumer Advocate filed testimony in this proceeding challenging several aspects of Piedmont's petition, including the requested revenue increase. In this testimony, witnesses for the Consumer Advocate recommended a number of changes to the relief sought by Piedmont, including a proposed reduction in Piedmont's attrition period revenue requirement. The Consumer Advocate proposed a revenue increase of \$9.863 million or \$6.849 million less than the increase proposed by Piedmont.

4. On December 22, 2011, following extensive negotiations and discussions, Piedmont filed a Stipulation and Settlement Agreement ("Settlement Agreement") between the Consumer Advocate and Piedmont pursuant to which Piedmont and the Consumer Advocate resolved all issues between them in this proceeding. Among other issues, the Settlement Agreement sets forth the Parties' agreed resolution of Piedmont's attrition period rate base, throughput, revenue deficiency, operating income, capital structure, costs of short and long-term debt and equity, overall return, rate case expense, and amortization of certain deferred environmental clean-up, flood relief, and defined benefit pension costs. The Settlement

Agreement also sets forth agreed rates designed to implement the Parties' agreement on Piedmont's attrition period cost of service and also resolves certain issues, as between Piedmont and the Consumer Advocate, related to WNA factors, rate design, depreciation rates, and tariff changes. In short, the Settlement Agreement is comprehensive in nature and represents a full and complete resolution by the Parties of all issues raised in this docket.

5. In the Settlement Agreement, the Parties further agree to support the Settlement Agreement before the TRA and stipulate to the entry of all prefiled testimony and exhibits, including supplemental testimony by Piedmont supporting the settlement, into the record without cross-examination (except as a follow-up to Authority/Staff questions).

6. Piedmont and the Consumer Advocate further stipulate that the Settlement Agreement is the product of give and take negotiations between the Parties, and that the substantive provisions thereof are agreements reached in compromise and settlement in order to resolve this docket without further litigation and that the provisions of the Settlement Agreement are just and reasonable and in the public interest.

7. Finally, Piedmont and the Consumer Advocate stipulate that the Settlement Agreement shall terminate, without further action of the Parties, if the settlement is not accepted as a whole by the Authority as a full and final settlement of this proceeding.¹

8. Piedmont hereby advises the Authority that it intends to file the supplemental testimony of Piedmont witness David Carpenter, on or before January 13, 2012 (the day Piedmont's Rebuttal Testimony would otherwise be due), providing further explanation of the

¹ Piedmont and the Consumer Advocate agree that any rejection or modification of the Settlement Agreement by the Authority would place the parties back into the positions they had individually pursued prior to entering into the Settlement Agreement and that such a result would require further evidentiary proceedings in this docket.

compromises incorporated into the Settlement Agreement and supporting the justness and reasonableness thereof.²

9. In light of the foregoing, Piedmont and the Consumer Advocate submit that the fundamental nature of the hearing to be conducted in this proceeding on January 23, 2012 has changed from a contested evidentiary hearing in which Piedmont and the Consumer Advocate put on evidence of their respective and competing litigation positions to a hearing on whether the compromise Settlement Agreement is just and reasonable and should be approved by the Authority.

10. Consistent with this position and the previously described stipulations of the Parties, Piedmont and the Consumer Advocate request that the Authority redesignate the January 23, 2012 hearing in this matter to be for the purpose of considering whether the Settlement Agreement is just and reasonable and should be approved. Piedmont and the Consumer Advocate further request that to the extent not necessary to respond to Authority or Staff questions, the respective witnesses of Piedmont and the Consumer Advocate (except Mr. Carpenter who will appear and testify as to the justness and reasonableness of the Settlement Agreement) be excused from appearing in person and that their testimonies and exhibits be entered into the record by stipulation.

11. Piedmont and the Consumer Advocate respectfully submit that the relief requested in this motion would promote the adjudicative economy of this proceeding, would reduce the costs and inconvenience of this proceeding to all parties, and would promote the efficient review of the salient issue now before the Authority – whether the Settlement

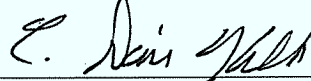
² Piedmont and the Consumer Advocate also would support and participate in any additional discovery by Staff (formal or informal) regarding the terms of the Settlement Agreement.

Agreement is a just and reasonable resolution of this docket and should be approved by the Authority.

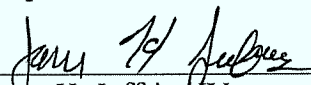
WHEREFORE, Piedmont Natural Gas Company, Inc. and the Consumer Advocate and Protection Division respectfully request that the Authority redesignate the purpose of the January 23, 2012 hearing in this matter to be for the purpose of receiving evidence on the justness and reasonableness of the Settlement Agreement filed in this proceeding and waive the appearance of witnesses other than Piedmont witness Carpenter and any others whose live testimony is deemed necessary for the Authority's consideration of the Settlement Agreement in this matter.

Respectfully submitted this 4th day of January, 2012.

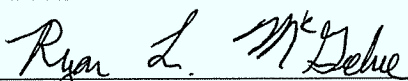
PIEDMONT NATURAL GAS COMPANY, INC.



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**CONSUMER ADVOCATE AND PROTECTION
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