

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

MEMORANDUM

TO: Docket File 11-00168

FROM: Michelle Ramsey *MR*
Utilities Division

DATE: June 29, 2012

SUBJECT: Audit of Piedmont Natural Gas Company's ("PNG") Actual Cost Adjustment Account ("ACA") for the Period July 1, 2010 through June 30, 2011.

On March 12, 2012, Audit Staff filed its audit report in this case. Audit Staff respectfully submits the attached amended Page 4 of that report in order to correct the demand gas cost and recovery amounts for the period July 1, 2010 through June 30, 2011. This revision does not change total ACA ending balance of (\$4,612,650.32) approved by the panel at the March 26, 2012 Authority Conference. Please replace the original Page 4 with the attached amended Page 4.

C: David Foster
Pat Murphy
Rob Thornton (via Email)
Jenny Furr (via Email)

VII. ACA AUDIT FINDINGS

Staff agrees with the ACA Account balances as calculated by the Company. Therefore, there are no findings. A summary of the account as filed by the Company is shown below.

SUMMARY OF THE ACA ACCOUNT:

	<u>Company</u>
Commodity Balance at 7/1/10	\$ 2,631,100.90
Plus Gas Costs	83,236,713.18
Minus Recoveries	<u>91,482,111.65</u>
Ending Balance before Interest	(\$ 5,614,297.57)
Plus Interest	(\$66,360.56)
Commodity Balance at 6/30/11	<u>(\$ 5,680,658.13)</u>
 Demand Balance at 7/1/10	 \$ 200,859.53
Plus Gas Costs	14,117,156.37
Minus Recoveries	<u>13,304,003.52</u>
Ending Balance before Interest	\$ 1,014,012.38
Plus Interest	<u>53,995.43</u>
Demand Balance at 6/30/11	<u>\$ 1,068,007.81</u>
 Total ACA Ending Balance at 6/30/11	 <u>(\$ 4,612,650.32)</u>

Note: A negative number indicates an over-recovery of gas costs.

VIII. CONCLUSIONS AND RECOMMENDATIONS

Staff reviewed the gas costs and recoveries of Piedmont Natural Gas Company for the 12-month period ended June 30, 2011. As reported in the body of this report, Staff concludes that the Purchased Gas Adjustment mechanism, as calculated in the Actual Cost Adjustment, appears to be working properly and in accordance with the TRA rules for PNG. Based on the Company's filing, the net balance in the ACA Account as of June 30, 2011 was a negative \$4,612,650.32. This means that as of June 30, 2011 the Company had over-collected this amount from its customers. This balance will become the beginning balance at July 1, 2011 in the Company's next ACA filing. **Staff recommends approval of the Company's ACA Account balances.**